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GERMANY ENTERS THE THIRD REICH



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GERMANY ENTERS THE THIRD REICH

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"THE ECONOMIC LIFE OF SOVIET RUSSIA"

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TO
MY MOTHER

PREFACE

FOLLOWING the precedent of my "Economic Life of Soviet Russia," I am not mentioning the names of the large number of persons who gave interviews to me or arranged these interviews or who furnished me with statistical or other information. I am none the less deeply grateful for the enormous amount of kindness and assistance which I received from so many people. The assistance of my wife in preparing the manuscript for publication has been indispensable.

CALVIN B. HOOVER.

July, 1933.
New York City.

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GERMANY ENTERS THE THIRD REICH

CHAPTER I

THE ECONOMIC SYSTEM IN GERMANY BEFORE NATIONAL SOCIALISM

THE triumph of National Socialism in Germany is one of the series of explosions, all part of that great upheaval whose first manifestation was the World War. For some years after the war there were prophecies and forebodings that the end of our civilization had come, but for a few years prior to the present economic crisis it had begun to look as though the world might once more return to normal and settled ways. Thus from about 1924 to 1929 it appeared as though we were going to be able to carry on a way of life not fundamentally different from that of pre-war times. In the United States we qualified this belief only by our recognition of a tremendously raised standard of material life for the larger portion of our population. These five years were the critical years. If we could, during these years, have solved the international problems left over from the war and at the same time have solved the economic problem of finding a market for the products of our gigantic physical plant, we would have been able, no doubt, to continue along a curve of economic, social and political development which would have had in it only the gap of the war years.

These problems, however, remained unsolved, and the consequences must now be faced. Perhaps Western Europe may be able to retain the essentials of the old civilization and the old economic system. Perhaps the United States can do so, even if Western Europe cannot, for no doubt the Atlantic will function more effectively as a barrier than the Rhine. At present, the fact confronts

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us, however, that through the National Socialist success in Germany, liberalism, democracy and old-style capitalism have lost their most important stronghold on the Continent.

✓Did National Socialism overthrow the capitalistic system in Germany or did the National Socialist Revolution only serve to salvage the wreckage of a sinking capitalistic system against a threatening communist storm? An answer to this question can be made only after the nature of the economic system which existed in Germany before National Socialism is understood. It is difficult to find any brief but comprehensive term by which this system could be designated. It would be simplest if one could refer to it simply as "*laissez-faire* capitalism," in order that it might easily be contrasted with the system which was to be inaugurated by the National Socialists. It is hardly feasible to use this term, however, for the old system was far removed from pure *laissez-faire*, as will be later explained. ✓The essence of the system which distinguished it from National Socialism was rather that under the old system the economy of the country was operated primarily for private profit under a system of private property. ✓The rights of the owners of this property were carefully protected by the courts, not only against infringement by other individuals or corporations, but against arbitrary acts of the state itself. This protection to private property was very much like that afforded by the "due process" clause in the Constitution of the United States, although private property in Germany was not so completely protected against the state as is true in the United States.

Under this legal protection and within the limits of such legislative restrictions as existed, the directors of industrial and commercial enterprises were assumed to manage these undertakings in the interests of their stockholders. Although this was the legal theory, in practice there always existed a potential conflict of interests be-

tween the directorate and the stockholders, which was inadequately recognized in legal theory. In any event, the directors were not supposed to concern themselves with the interests of the community or state. The assumption was that the interests of the public were protected, where necessary, by specific legislation. Outside the protection accorded by this legislation, there was no legal obligation for the directors to consider the public interest, nor was there an assumption that this would be done. The original theory which justified the institution of *laissez-faire* capitalism maintained that the best interests of the public would be served if each entrepreneur looked single-mindedly after his own interests. The legislative restrictions upon this principle interfered, indeed, with its full operation, but the basic implications of the principle were still retained.

The so-called "Revolution" of 1918 had not permanently or fundamentally changed the character of the economic system in Germany. It remained essentially capitalistic after the revolution as before. The Social Democratic Party which took over the power following the collapse of the Prussian state at the end of the war, based its whole policy and program upon its interpretation of Marxian doctrine. According to that interpretation socialism was inevitably to replace capitalism through a process of gradual evolution. Up to the very moment of Hitler's triumph, Social Democratic leaders professed their unquestioning, even if wistful, confidence that the process of the evolution of socialism out of the decay of capitalism was proceeding without interruption. That German capitalism had been seriously weakened was undoubtedly true, but that socialism of the Marxian type was evolving, events were to disprove.

It is true that there were certain differences between German capitalism and that of other countries, yet these differences were more of degree than of kind. The workers in German industry were highly organized, al-

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though the organization was so complex that it weakened the effective power of the workers. Collective bargaining was recognized and protected by the state. Agreements between labor unions and employers' associations were legal contracts which the state was bound to protect, although from the days of the Brüning government onward, wages were lowered in spite of these contracts. There existed a carefully elaborated system of arbitration of labor disputes under governmental sanction. In no other country was the system of social insurance so highly developed.

Cartelization had been carried to further limits than in any other country. In 1932 there were some three thousand of these cartels. In the coal and potassium mining industries syndication was compulsory, and complicated regulating councils, known respectively as the Federal Coal Council and the Federal Potassium Council, had been set up. Upon these councils the operators, laborers, consumers and coal merchants were represented. There was a Federal Economic Council, but its regulatory functions had failed to develop.

Unquestionably, therefore, German capitalism was not characterized by unlimited free competition between unorganized small-scale entrepreneurs. But neither was this true in any other highly developed industrial country. Nor can it be said that the cartelization of German industry rendered it any the less characteristically capitalistic. It is probable that the wastes of competition were somewhat reduced, and that the operators of industries were able to make somewhat higher profits or to incur somewhat smaller losses than would otherwise have been the case. It can be stated with confidence that the organization of German industry along these lines had not had any important effect in preventing the development of the economic crisis, nor of ameliorating the effects of the crisis after it had occurred, nor of shortening its duration. This observation is of particular interest in connection with

various proposals which have been advocated in the United States on the grounds of crisis prevention, amelioration and curtailment. The failure of the German type of industrial organization to accomplish any of these results is due to the fact that the net purchasing power of the economy was not increased by this form of industrial organization.

Not only was German industry characterized by the existence of cartels, syndicates and trusts, but it is likewise true that there existed a not inconsiderable number of industrial enterprises which were owned by the state, and either operated by the state or by joint-stock companies whose capital was owned by the state. Besides the railroads and the public-utility enterprises of the municipalities, the Reich, the German federal states and the municipalities had considerable investments in coal mining, potassium mining, nitrate production, aluminum production, lead and silver mining, and in the production of electric power. Thus the Prussian state mines in 1930 produced about one-tenth of the total coal production of Germany in addition to the relatively small production of the mines owned by other states. The production of lead in state-owned mines in 1929 amounted to about one-third of the total production although to only about one-tenth of the total domestic consumption. About one-fourth of the total production of silver in Germany was produced as a by-product of the mining of lead in the state mines in the Harz. About one-tenth of all potassium was also produced in state-owned mines. State-owned plants produced, in 1928, over 50 per cent of electric current generated. Over 25 per cent was produced by plants in which both state and private capital participated, while less than 15 per cent was produced by plants which were wholly privately owned.¹

¹ The data on the rôle of the state in production are taken from *Du und der Staat, Band 6, der Staat als Unternehmer*, by Hans Staudinger.

✓ In addition to the instances of state-ownership enumerated above, the Reich or the federal states owned certain other miscellaneous enterprises outright and participated through either majority or minority stockholding in the ownership of others. It is worthy of note that this state ownership dates back to the period before the war and to the period of the war, and that it was not brought about to any important extent by the Revolution of 1918 nor by the influence of the Social Democratic Party.

✓ Although state ownership of industry was thus notable, it is not to be concluded that it was sufficient to change the essential character of the economic system. Certainly far less than one-tenth of industrial production was in public hands. Furthermore, the operation of many of the state-owned enterprises was not essentially different than if they had been in private hands. The salaries of the directors of the state-owned enterprises were sometimes larger than those of the directors of private enterprises. The wages paid to the workers were in general determined by the wage-scale in private industries. The market prices of the products of state industries, except in the case of the purely public-utility type, were the same as those which were received by private enterprises. If the direction of publicly operated enterprises was bureaucratic, the same may be said of the privately owned industries, for bureaucracy was a distinct characteristic of the entire German economy.

A different aspect of the relation of the state to industry is represented by the developments which resulted from the great financial crisis of the summer of 1931, which finally culminated in the crash of the Darmstaedter und National Bank followed by the temporary closing of all the German banks. In order to save the banking system from complete disaster the government was forced to merge the Darmstaedter und National Bank with the Dresdner Bank, to take over the capital stock of the

merged banks and to extend large loans to others. As a result the government came into direct or indirect control of the most important banks.³ Since the banks in turn had made large loans to industrial concerns, and since these loans had become frozen, the government was in a position to control these industries in a round-about fashion also, although it did not exercise this control prior to the National Socialist Revolution to any considerable extent.

✓ At about the same time the Reich also extended large sums to the shipping companies and bought the majority of the stock of Gelsenkirchen, and thereby obtained control over the German Steel Trust. Sums were also advanced to some mining companies by Prussia and the Reich.⁴

✶ It will thus be seen that as a result of the financial crisis of 1931, the potential control of the state over industry and banking was enormously increased. It is necessary to emphasize the potential character of the control, for the actual control, up to the time of the National Socialist Revolution, never approached the degree which the state might have been expected to

³ The Reich already possessed the Reichs-Kredit-Gesellschaft, which carried on an important commercial banking business, as well as several other banks of special type. The savings banks were under municipal ownership.

⁴ The total sum extended to the banks by the government, partly in loans, partly in the purchase of stock, and partly in other ways amounted to about 1,115,700,000 marks. This left the government owning 90 per cent of the capital stock of the Dresdner und Danat Bank, 70 per cent of the Commerz und Privat Bank, and 35 per cent of that of the Deutsche Bank und Disconto-Gesellschaft. In the case of the last-mentioned bank, the ownership was partly direct and partly through the Golddiskontbank. The shipping companies had received about 89 million marks. In the case of Gelsenkirchen the government first bought about 110,000,000 marks of the 250,000,000 marks of share capital and later enough to insure control. The price paid was about 90. Later the shares could be purchased on the open market for around 30. The Reich and Prussia together advanced the sum of thirty-six million marks to the Oberschlesischen Hüttenwerke A. G., and the Mansfeld-Kupfer-Bergbau A. G. was similarly advanced twelve million marks.

These data are from the report of the then finance minister of the Reich, Dr. Dietrich, before a committee of the Reichstag.

obtain. This was true in large part because the investment of state funds was considered of an emergency nature and did not take place with the purpose of bringing about state ownership and control. In this respect the situation was very much like that brought about by the activity of the Reconstruction Finance Corporation in the United States under similar circumstances.

✓ Certainly one of the most essential characteristics of capitalism, old-style, was the spirit of capitalistic enterprise, in accordance with which the entrepreneur assumed the risks of his enterprise on account of his expectation of profit. But here we find that the characteristic spirit of capitalism had largely ceased to function, and while the capitalistic system still existed, its weakness was reflected in this socialization of the losses of private enterprise.

The attitude of the capitalists themselves to these state subsidies was diverse. The greater proportion of the industrialists hoped that at some time or other the government could be induced to relinquish such interest and control over the economy as it had attained through these subsidies. This hope did not necessarily mean that the industrialists expected to repay the government the amount of these advances. Rather it was hoped that the government could be induced to accept a large loss, and that the enterprises could be turned back to private ownership after a partial amortization at a very low rate of interest of the sums which the government had advanced.

On the other hand, some capitalists were able to envisage the permanent participation of government in industry upon the basis of capital obtained from taxation. Thus one industrialist said to the writer, "The reserves of private capital in Germany have largely been dissipated. Due to the inflation and the curtailment of large incomes very little capital is saved any more. Only the govern-

ment is able to accumulate large capital sums, for the government can do it by compulsion, namely by the use of the taxing power. To the typical Herr Direktor it would make little difference whether he received his salary from the state or from a joint-stock company, since the Herr Direktor is not able to invest any considerable amount of capital in his enterprise anyhow. With state ownership of the capital of industry, the managers would be able to enjoy all the perquisites of power and position which they now enjoy without the unpleasant feature of the risk. It would make a great difference, of course, if such a state were controlled by the workers and the directors of industry were placed upon the same basis as in Russia, but if the same classes controlled the state as control it now, this difficulty would not arise. *There is, moreover, no reason why the class control of the state need be changed in any way by the fact that the state would be furnishing the capital for industry."*

A few industrialists, primarily those who were most heavily indebted to the state directly or to the banks and who felt the hopelessness of personally regaining control of their enterprises, turned to the National Socialist movement as their salvation and hope. These were usually the owners of small industries who were not such typical bureaucrats as the directors of the large industries or who feared that their position as managers would be very insecure under state ownership of the capital stock.

There was indeed, within large-scale industry itself, a noticeable reaction due to the belief that the development of industry in such a way that it had come to resemble the organization of government bureaus was a fundamental mistake. Some of the smaller industries during the industrial crisis had shown that they could operate at lower cost than the large concerns whose overhead costs were so great. In some of these large concerns there were even attempts to retrace the steps which had

been taken and to simplify the structure of the large organizations and restore the autonomy of the smaller units.

When all is said and done, the extension of large sums to industry, up to the time of the National Socialist victory, had not yet modified the existing capitalistic system in any fundamental way.

It should have been obvious, nevertheless, that a system whose weakness was thus so clearly demonstrated could not hope to maintain itself unchanged. For, contrary to the opinion of the industrialist quoted above, private capitalism cannot continue to exist in its old forms if the state must furnish the capital for and meet the losses of industry.

CHAPTER II

THE ATTITUDE OF THE GERMAN PEOPLE TOWARD THE ECONOMIC SYSTEM

The Proletariat

THE attitude of the laboring class in Germany toward the economic order which existed prior to the inauguration of the Third Reich was a neutral, if not a negative, factor in the triumph of National Socialism. At the moment when Hitler came to power the great majority of the German working class stood outside the National Socialist Party and were bitterly hostile to it, even though a small segment of the proletariat had joined the Party. On the other hand, the hostility to National Socialism was balanced by the deep-seated dissatisfaction of the proletariat with the existing economic system. For the large fraction of the proletariat which belonged to the Communist Party, this dissatisfaction had become a sullen and bitter hatred.

It is easy to find in the economic condition of the German laboring class the basis for this dissatisfaction and hatred, but the years of inculcation of the doctrines of Marxian Socialism had also been of great importance in developing this feeling. The strength of the proletarian opposition to capitalism waxed and waned with the ups and downs of the business cycle, but there always existed the basic factor of the working-class education in the theory of class warfare and in the belief in the inevitability of the end of capitalism and the creation of a socialist world.

The standard of living of the German worker had been

high before the war. If all the advantages of parks and playgrounds, of social insurance and of the absence of slums be added to the nominal wage, it seems likely that the standard of living of the German worker was really higher than that of the British worker and as high as that of the American worker. On the other hand, the social and political system in Germany prior to the war was based upon the assumption of an almost biological inferiority of the working class.

After the war the laboring class enjoyed a short period of prosperity reaching from about 1924 to 1928. During the period from 1924 to 1928, however, wages were increasing, unemployment was relatively low, unemployment payments were reasonably adequate, the municipalities embarked upon great programs of dwelling construction for workers and once more the standard of living of German labor improved markedly.¹ Moreover, the working class had obtained very real gains in respect to its social status by the overthrow of the old imperial government. The educational system was liberalized so that it became possible for laborers' sons to complete university training and so to enter the liberal professions, or to satisfy the almost universal desire of Germans, to obtain a post in the governmental apparatus. The collective agreements of the trade unions with the employers were legally recognized and served, together with the labor courts, to furnish a certain amount of protection to the laborer against arbitrary action by the employer or his agents.

During this period, consequently, the laborers were content to follow the standard of the Social Democratic Party and to accept its vague "program" of socialism

¹ For example, the weekly earnings of a skilled worker in the metal trades averaged 36.53 marks in 1913, 54.43 marks at the high point in October 1928, and only 30.59 marks in September 1932. The weekly earnings of an unskilled laborer in the same industry were 27.04 marks in 1913, 42.26 marks in October 1928 and 21.13 marks in September 1932. *Die Wirtschaftskurve*, Heft IV, 1932, page 322.

in the distant future by a process of very slow evolution.

When the short period of German prosperity came to an end and both wages and employment began an almost unending decline,² it was natural that the proletariat should once more begin to turn to radical leaders and to find a program of socialism during the lives of their grandchildren, perhaps, singularly without appeal. Yet it is remarkable that this growing radicalization of the proletariat had relatively little effect upon the course of events.

The leadership of the proletariat by the Social Democrats had resulted in no real progress whatever toward the announced goal of socialism. Consequently, although the Social Democratic Party was remarkably successful in maintaining a strong representation in the Reichstag, it was not to be expected that an increasingly radical proletariat should turn to this party for leadership. On the other hand, the domination of the German Communist Party by Moscow prevented it from following any policy based upon realities and consequently from exploiting effectively the growing desperation of the proletariat.

When one turns to the labor unions one is struck by that extraordinary complexity of organizational forms which was so characteristic of German economic life before the

² The officially registered unemployed in Germany on January 15, 1933, amounted to 5,966,000 persons. At the same time that this figure was given out by the government, it was added that for the first time the curves of unemployment for 1932 and for 1933 had come together. This was officially interpreted to mean that unemployment had ceased to increase. It had been previously shown by the *Institut für Konjunkturforschung*, however, that the actual number of unemployed was some one and a half million to two million more than the number of registered unemployed. Since the number of the unregistered unemployed had substantially increased during the year 1932 it was somewhat optimistic to conclude definitely that unemployment had ceased to increase, as the National Socialist *Angriff* did not fail to point out in its issue of January twenty-fifth. It is interesting to note, however, that just as soon as a Nationalist Socialist régime was in power, the National Socialist Press began the same optimistic interpretation of unemployment statistics,

National Socialists accomplished the distinct service of simplifying this vast and intricate structure. Most important were the so-called "Free Trade Unions" which were closely linked with the Social Democratic Party. Secondly were the "Christian Trade Unions" which were mainly an adjunct of the Catholic Centrist and Bavarian People's Parties. Thirdly were the "Hirsch-Dunker Unions." Besides these were the unions which were sponsored by the employers, the so-called "Yellow Unions," and a number of other miscellaneous organizations. It is little wonder that this welter of organizations exerted little positive effect upon the course of events when the critical moment was to come.

In an economic society which had become profoundly dissatisfied with the existing economic system the leadership of the opposition which was finally to come to power had passed from the proletariat to the middle class which felt itself disinherited.*

The Peasants and the Junkers

The deep-seated discontent of the agricultural population was of the greatest importance in weakening the old system and in bringing about the triumph of National Socialism. Yet every effort had been made to conciliate and propitiate the rural population. The capitalist governments of all countries have always counted upon the support of the countryside in the effort to keep the revolutionary urban proletariat from obtaining control of the apparatus of the state. It is always from the country districts that the troops who can be relied upon to fire when ordered are recruited. In no other class is the instinct for private property so deep-rooted. The urban *bourgeoisie* has for generations relied upon the belief of the peasantry in the community of interest between the owner of field and cottage and the owner of stocks and

* See also Chapter III.

bonds. Yet in Germany the agricultural districts were the main support of the National Socialism which supplanted old-style capitalism. What were the causes which led to the dissatisfaction of the countryside with the old system? How was it possible for National Socialism to win both peasants and landlords? Was their economic position so unfavorable in comparison with that of pre-war times?

The economic status of German agriculture at the time of the coming to power of National Socialism may be summarized as follows:

1. The total indebtedness of German agriculture in December, 1931, was less by almost one-third than it had been in 1913.

2. The total interest burden of agriculture was materially less in 1932 than it had been in 1913.⁴

3. The national income derived from agriculture declined much less than did the national income derived from industry and trade. This is true when the decline is measured either from 1913 to 1932 or from the beginning of the current depression to 1932.⁵

⁴ According to data of one of the most important agricultural associations, the total indebtedness of German agriculture in 1913 amounted to around 17,000,000,000 or 18,000,000,000 marks. In December 1932 the total indebtedness was somewhat less than 12,000,000,000 marks. The pre-war interest burden of agriculture amounted to between 780,000,000 and 800,000,000 marks. The interest burden in the economic year 1932-33 (July to June) was 580,000,000 marks. The heaviest burden for the post-inflation period had been in 1931-32, when it had reached slightly more than 1,000,000,000 marks. The great reduction in the following year was due primarily to the compulsory reduction of the interest rate upon agricultural loans. See the *Jahres Bericht des Deutschen Landwirtschaftsrats*, Berlin, 1932.

⁵ The portion of the national income derived from agriculture declined from about 8,600,000,000 marks in 1913 to about 5,000,000,000 marks in 1932—estimated in marks of the purchasing power of 1928. This is the estimate of Prof. Dr. von Tyszka in *Sparkasse*, No. 1, January 1, 1933. During the same period the portion of national income derived from industry and trade, according to the same estimate, sank from about 14,000,000,000 marks in 1913 to about 6,700,000,000 marks in 1932. These data must be interpreted with caution, however, because they are based upon the incomes of proprietors only.

4. The annual tax burden of agriculture somewhat more than doubled from 1913 to 1932. Payments on account of social insurance increased markedly.*

5. The movement of agricultural prices in comparison with the movement of prices of other commodities was adverse to agriculture, but the operation of this "scissors" was less extreme than in most other important countries.†

There seems little doubt that the agricultural population was not nearly so badly off as the sound of the vociferous protests which it was constantly making would have led one to expect. In conversation with the economists of the various agricultural associations a common remark was, "If we judged by the complaints from the farmers which are coming to us all the time and by the insistence that strenuous measures be taken at once to save agriculture from destruction, we would have to conclude that the situation of agriculture was desperate indeed. However, as you know, the statistical facts simply will not bear this out." One cannot escape the conclusion that German agriculture had suffered nothing to compare with the catastrophe which had overtaken American or Canadian agriculture, particularly when one takes into consideration the advantages which a peasant husbandry has over a system of "business" farming during a period of economic depression.‡

¶ It is true, nevertheless, that the situation of German agriculture had changed materially for the worse during

* Total agricultural taxes increased from about 220,000,000 marks in 1913 to about 500,000,000 marks in 1932-33. The burden of payments by farmers on account of social insurance payments increased from about 80,000,000 marks in 1913 to about 300,000,000 marks in 1932-33. Data from studies of the *Landwirtschaftsrat*.

† In December 1932 the index of agricultural products was 84.4 (monthly average of prices, prices of 1913, 100), the index of all industrial products was 97.5, while the index of industrial finished products stood at 113.6. Data from studies of *Landwirtschaftsrat*.

‡ The terrible poverty which was noticeable in many of the smaller cities and towns and even in some of the rural districts was due primarily to the closing down of local industries or to the failure of the market for the products of the handicrafts, rather than to the agricultural situation itself.

the year immediately preceding the triumph of the National Socialist Party. For a time the policy of a very high protective tariff upon grains had shielded agriculture from the force of the international decline in grain prices. During 1932, however, the decline in the price of meat, dairy and poultry products began to press with added force upon the small peasant producers, precisely because the price of feed grains had been kept up by the policy of high tariff protection for grain producers. It might have been expected that this circumstance would have brought about a cleavage between the producers of secondary and primary agricultural products. This would seem the more plausible development because of the fact that the large estates produced principally grain while the producers of the secondary products were in the main peasant proprietors. This potential cleavage of interests, however, never became of critical importance. Instead, the associations which represented the interests of agriculture declared for the policy of so raising the tariff that it would furnish protection to all of German agriculture.

The aim of the agricultural associations was no less than the complete sequestration of the German internal market for the benefit of the producers of German agricultural products. It was proposed that the tariff on agricultural products should be made high enough to completely exclude foreign competition, or where that was impossible on account of commercial treaties, a contingent system was to accomplish the same purpose. There was, unfortunately, a difficulty in carrying out this plan. A tariff which was prohibitory would no doubt so stimulate production that there would be a surplus of milk which in turn would result in a surplus of butter.* The surplus of butter could not be sold at the desired price because of the competition of margarine. If the producers of sec-

* The disposal of existing supplies of German butter had already become a serious problem in the fall of 1932. Some butter was still imported, nevertheless, on account of certain commercial treaties.

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ondary agricultural products were not to receive a high price for their products they would be still caught between the upper and nether millstones of high prices for dairy feeds and low prices for these products. The agricultural associations, consequently, demanded that whatever was necessary must be done in order to stop any leaks in the dike and to make the protective tariff actually effective.

The industrialists ground their teeth in rage. They hardly dared antagonize either peasants or estate owners for these were their invaluable allies against proletarian socialism. The industrialists had regretted the necessity for allowing high tariffs on grain, since it interfered with foreign trade and increased their difficulties in selling the products of industry abroad. Nevertheless, they had agreed to this.

They had further agreed to the policy of the *Osthilfe*, the Relief for the Eastern Provinces, which granted large sums from public funds for the relief of the agriculturalists in East Prussia. These funds for the *Osthilfe* were used in large measure for the extension of credit to the Junker estates of East Prussia, which were hopelessly bankrupt. Everyone realized that there were some six thousand of these estates which it was impossible to cultivate so as to cover costs of production at any price for grain which was anywhere near the world level.

It had been realized even in Bismarck's day that these Junker estates were economically "unrentable." Bismarck, nevertheless, had justified the expense to the state involved in subsidizing these estates on the ground that the Junkers constituted a cheap, honest and loyal staff of state servants. There had long been plans for dividing up these bankrupt estates and settling them with unemployed and landless peasants from other parts of Germany. This policy had the more to recommend it from the patriotic and nationalistic point of view, since it might be expected to substitute permanently settled German peasants for

the seasonal Polish labor which had been used on these estates and to increase the total population of this German outpost which was in danger of sinking beneath the flood of the higher birthrate of the adjoining Slavic population.

So great was the political, military and social prestige of these East Prussian Junkers, however, that they were able to resist every attempt to disturb their preferred position. Even the Social Democrats, when they were in power, had done nothing to alter their favored status. At a time when large sums were being extended to their estates as relief, many of them continued to buy expensive motor cars, to make their customary trips to the Riviera and to patronize the exclusive hotels in Berlin. The servility which these Junkers expected from the remainder of the German people is simply inconceivable to a foreigner.¹⁰

The demands of the peasants who produced secondary agricultural products that they should share in the protection granted to producers of grain, was more than the industrialists could bear, for there was a particular reason why the demand was so painful to them. Dairy and poultry products which were imported into Germany came precisely from those countries with which Germany had an active trade balance. It had been safe enough to place a tariff on agricultural products coming from countries like the United States, for, since the United States exported more to Germany than she imported, she was not in a position to make an effective protest. With the Scandinavian countries and with Holland, which depended upon their exports of food products to Germany to pay for the products of German industry, the case was

¹⁰ The writer recalls that one day a German colleague received a letter written on the princely stationery from the estate of Prince X. The agent offered to the professor the opportunity to buy potatoes from the princely estate in East Prussia at a price about 50 per cent above the market. As an inducement to buy the potatoes, the estate agent promised that any purchase would be called to the personal attention of the Prince.

far different. To cut off these imports would meet instant retaliation against German exports. The industrialists consequently felt compelled to make a determined stand against the proposed increase in this class of tariffs. The result of this opposition was to complete the conquest of peasant opinion by the National Socialists.

The Junkers, while the majority of them supported the Hugenberg Nationalists rather than the National Socialists, were fundamentally as hostile to republicanism and to the entire social and economic system which had developed in Germany upon the basis of the Weimar Constitution as were the National Socialists themselves. The attempts to placate the Junkers were completely useless, for they had only contempt for the weakness of the republican parties. The issue of the proposed change in tariff policy now brought them into direct collision with the interests of the industrialists, for they feared if the demands of the peasants were not met a wedge would be driven between the peasants and themselves and their position thus undermined. At the critical moment they were, therefore, ready to support the National Socialists in overthrowing the Republic. Thus peasant and Junker, although fundamentally their interests were by no means identical, were united in their opposition to the old economic and political system.

The Middle Class

It is probable that the existing system of private capitalism would have been able to maintain itself in spite of the hostility of the laboring class and of the majority of the peasants, if it had been able to command the support of its own particular people, namely, the middle class, but this it was unable to do. The hostility of the other classes of society was not decisive, largely because the opposition was so disunited and either badly led or leaderless. When, however, the middle class decided that for them the old system held no hope, the situation had indeed become desperate.

The changed attitude of the middle class toward the old system was to a considerable degree affected by certain alterations which had taken place in the investment structure of the economy as well as by the changes which had taken place in the personnel of the ownership of the stocks and bonds which were the till to industry and commerce.

These changes were the result of inflation and of reparations fulfillment, in the first instance, and of the more recent period of deflation and depression, in the second instance. At the end of inflation the whole debt structure, which is apparently a concomitant of capitalism, had been greatly altered and in large part liquidated. The holders of government and other bonds, of mortgages, bank deposits and fixed obligations, found that their possessions had become valueless. According to one school of thought this, by reducing its fixed charges, should have been a great boon to German industry. According to another school it should have been the ruination of Germany through the destruction of private capital. It is extremely interesting, however, to observe that what actually happened was that the old-debt "burden" was soon largely re-created, although according to a considerably different pattern.

A part of the old debt was re-created through the revaluation of real estate mortgages, and in similar ways. Large sums were borrowed abroad, and Germany became a debtor instead of a creditor country. Industries borrowed much more heavily from the banks than in pre-war days, with the result that the capital structure of industry was much altered, since bank loans came to be a larger part of capital resources than formerly and capital in the form of owners' participation through stock ownership was smaller.

According to the generally accepted theory of capitalism, these changes, apart from the alteration in the balance of foreign indebtedness, should not have either weakened or strengthened capitalism in Germany, since

the transformation of the debt structure should have represented merely transference of wealth ownership. They did in fact, however, make a great deal of difference. The process of the impersonalization of the control of industry was much accelerated and the separation between the function of the provision of capital for industry and the management of industry became more pronounced. The legal fiction that corporate industry was private property still existed, but it was difficult for anyone to be able to feel a sense of proprietary ownership for an enterprise under such circumstances.

Even the operators of small industries, who had formerly felt some measure of independence and security when the capital of their enterprises was largely family property, or was in any event represented largely by stock ownership, now felt themselves terribly insecure when they had to operate with short-term, fixed-interest capital resources. The members of the great middle class of Germany went over to the opposition to the capitalistic system, partly because their capital reserves had actually been lost and partly because those who had retained or regained their capital felt no security for it.

✓ A large part of the old middle class and aristocracy, moreover, complained bitterly that as a result of inflation after the war, of stock market speculation later, and finally as a result of the long deflationary period, such capital funds as existed went into the hands of persons who did not by culture and moral standards properly belong to the propertied classes. It is perfectly true that this sort of transfer of wealth between classes is an old affair in the history of capitalism. Over and over again, in periods such as that of John Law's System in France and the South Sea Bubble in England, thousands of persons who formerly were property owners, have been pushed down into the proletariat, while others of the *nouveau riche* have taken their place. In these cases, however, the number who changed from the lower to the

higher class was not too great to be absorbed and the number dispossessed was not great enough to upset the social and economic equilibrium. The change in Germany, however, was on too vast a scale, and the caste system which had existed was too rigid to allow the change to take place without tremendously weakening the social support for the existing capitalistic system.

It has always been assumed of our capitalistic system that the owners of capital either directed industrial enterprises themselves, or that they at least selected the executives who in their opinion were the most efficient to direct the enterprises in the interests of the owners of capital. But in the modern capitalistic world this assumption breaks down. It is impossible to state any simple formula which would generalize the very complicated process which determines who the executives of a typical large modern corporation will be. The complexity arises in part because it is unlikely that any one individual will own the absolute majority of the stock of a large corporation. It does not even follow that the individual who owns the largest block of stock will be able to appoint the management. Instead, the control of the corporation may be in the hands of some combination of individuals who own considerable blocks of stock, or control may rest in the hands of the salaried management itself, which perpetuates its control through the device of the proxy committee. The more widely is distributed the stock of a corporation, the more likely is this to be true. The longer the life of a corporation, the more widely the stock becomes distributed and the less likely the enterprise is to be controlled by one personality through majority stock ownership. This development had gone far in Germany. When the complexities of the ownership of stocks by banks, investment trusts and holding companies are added to the changes in ownership caused by speculative boom and collapse, it is obvious that no simple rationalization of the process of determination of control can be

stated. It is more and more often true that the personality of the directorates of corporate enterprises depends, if not purely upon chance factors, then certainly upon factors with which the interests of the persons who furnish the capital have little to do.

Under such circumstances the desirable positions in the management of a corporation are parcelled out as plums. To a considerable extent the positions, and the salaries, bonuses and other perquisites attached to them, become of far greater importance than the dividends to stockholders. This tendency had come to characterize German industry in particular on account of the peculiar nature of the capital structure described above. This tendency was emphasized in Germany in 1932 by the depression which had resulted in such a substantial diminution in dividends that the advantage to many individuals from stock ownership was non-existent unless it obtained for the holder a position in the industry. This was, of course, impossible for most small stockholders.

All this was to affect vitally the attitude of the middle classes toward the existing form of capitalism. It intensified the hostility of the small investor to big business, of course. It also rendered him immune to appeals to his fears of what would happen if this or that radical party came to power. Likewise, he was ready to view with indifference any substitution of the personnel of management since the investor felt that he had nothing to do with electing the executive control in any event. As will be pointed out later, this situation was to be of vital importance in facilitating the National Socialist task of taking over control of industry.

The Students

✓The section of the German population which was most bitterly hostile to the existing economic system was the students of the universities and technical schools. This might not be considered so remarkable, for students have

been revolutionary in all times and in all countries. In Germany on the eve of the National Socialist Revolution, however, there was an economic basis for the revolutionary convictions of the students which roused them to a white-hot hatred for everything which *Das System* represented.

✓ The situation in German academic life had so developed that the student was confronted by the knowledge that he could not count upon finding employment in his chosen profession after completion of his professional training.¹¹ Indeed he could not count upon finding employment of any sort. The competition for the available posts became so great that in many large corporations, such as the German General Electric Company, for example, a special arrangement was set up for the engineering student who wished at any price to be able to say that he had held a regular position. According to this plan, engineering students who had completed their professional training were given employment for a period of six months or a year, with the understanding that they could not expect to be kept longer than that period. However, instead of receiving wages, the young engineers were required to pay a small sum for the privilege of working. This did not by any means represent exploitation on the part of the concerns which employed these men. Their services were not really needed, and the small payment might be considered in the light of a tuition fee, whose principal purpose was to reduce the number of applicants.

✓ In professions such as law the overcrowding became so serious that it was proposed to introduce a *numerus clausus*, so that no more lawyers would be admitted to the

¹¹ According to one estimate there were annually some 10,000 and 12,000 positions available in Germany for college graduates, through death, retirement and invalidity. The number of college graduates was, however, between 24,000 and 26,000 annually. See the article "Beseitigung der akademischen Berufsnot," by Hans Sikorski, in *Die Tat*, October, 1932.

bar for a specified number of years. The reaction on the part of the students to such proposals can well be imagined.

✓ This overcrowding of the professions was, of course, greatly accentuated by the economic crisis. To a considerable extent, however, it was a chronic condition due to the greatly increased number of students who, after the war, entered the institutions for advanced learning. It was generally recognized that this condition would of necessity have to be remedied, but no effective steps had been taken in that direction up to the time of the 1933 Revolution. ✓ As a consequence, the students flocked into the National Socialist Party and to a lesser extent into the Communist Party. It was students and unemployed graduates who furnished numbers, leaders, enthusiasm and fanaticism to the National Socialist fighting organizations.

The Industrialists

Finally, in contrast with the attitude of all other classes, was the state of mind of the responsible directors of the capitalist economy. ✓ These economic leaders who were the directors of industrial, commercial and banking organizations, as has already been pointed out, had interests which were by no means identical with those of the mass of small investors, and of the middle class in general. It was partly on account of this, no doubt, that their attitude toward the old system was a very different one from that of the other classes, but there were other fundamental causes. The experience of the November "Revolution" of 1918 had been a factor of enormous importance in increasing their self-assurance. That experience had convinced them that revolutions, although an almost intolerable nuisance, could be managed. It had convinced them that even if the laborers were hostile to capitalism, they could not agree upon any system of socialism to replace capitalism. Moreover, the capitalists, who were the economic leaders, had seen that the Social Democrats, who had taken over the government in 1918,

had felt themselves forced to turn once more to the old economic leaders for the necessary directors of industry in very much the same way as these "socialists" had felt themselves constrained to retain the services of the old army officers, judges and diplomats. In other words, the capitalist economic directors were confident that their services were absolutely indispensable to the proper functioning of the economic organization.

These economic leaders always expressed to the author before the National Socialist Revolution a serene confidence which it is most likely they really felt. The economic crisis was certainly a painful affair, but then what could be done about it, except to wait until international trade improved? If during the banking crisis in 1931 there had been moments of panic, and if after each National Socialist victory in the elections there had been uncomfortable moments also, by the autumn of 1932 all this was ancient history. That the capitalistic system throughout the world had suffered serious shocks during the crisis was true, but the fact that the system had not succumbed anywhere was a proof of its invincibility. Besides, from where could serious danger come? The Social Democrats had learned their lesson and were now as tame as could be desired. The Communists were unarmed, badly led, and the least numerous of the socialist parties. The National Socialists were radical to be sure, but the tactics of von Hindenburg, von Papen, von Schleicher *et al* had insured the country against the possibility of a National Socialist government which would have a majority in the Reichstag. Without such a majority they would be helpless to enact radical legislation. It was true that the system of social insurance, and of unemployment insurance in particular, was unfortunately a painful burden upon industry. It was true that the trade unions and their wage agreements were a nuisance.¹²

¹² A few of the important industrialists of Rhenish-Westphalian heavy industry even supported National Socialism on account of their hostility to these agreements. See also Chapter IV, p. 91.

Moreover one could but regret the necessity for allowing the government to embark upon questionable schemes for creating employment through public works, as well as the uneconomic system of tariff protection which had to be accorded to agriculture. But what would one? It was the price which had to be paid for social stability during the crisis. That the end of the crisis would surely come and that the economic system in Germany would remain essentially unaltered was the unanimous belief of German capitalists on the eve of National Socialism.

✓ There was one basic cause for the loss of faith in the economic system which was common to almost all classes except the economic leaders themselves. This was the general consciousness that the productive capacity of Germany was great enough to provide the material means of life for everyone if only that capacity were employed. The phenomenon of tremendous physical capacity to produce at a time of overwhelming need broke down the confidence of the majority of the population in the fundamental soundness of the system. This destruction of confidence was by no means confined to the working class. It was particularly noticeable among engineers who were best acquainted with the potential capacity of the economy to produce consumption goods. It explains, also, why so many engineers could be found in the ranks of the National Socialists.

The attempts of the academic economists and of the economic leaders to explain the situation fell upon deaf ears. The economists could solemnly explain that really there could be no such thing as a lack of purchasing power because there was a Law of the Markets, sometimes called "Say's Law," which proved that goods were the market for goods and that it was therefore impossible for there to be either overproduction or underconsumption. Somehow the people could not be taught to overlook the existence of the plain facts: instead they

demanded that something be done to remedy the situation.

The economic leaders, on their part, explained to the people over and over again that the crisis was a world crisis; that almost 30 per cent of the total product of German industry was sold abroad and that Germany could do nothing about the foreign market except to lower wages and get the increased share of the foreign market which could be obtained by cutting prices. The people, however, persisted in raising uncomfortable questions. If it were unfortunately true that the foreign market for German goods had been severely curtailed, why should not, at least, the previous amount of consumption goods which had been sold on the internal market be still produced and sold there? To the answer that goods in the former quantity could not be sold on the internal market because the men who had formerly obtained their purchasing power by producing goods for the foreign market were now unemployed, the question naturally arose whether then it were true that purchasing power could only arise through producing goods for sale abroad. Both economists and industrialists answered this by saying that of course this was not so, but in order to provide purchasing power through producing for the internal market it would be necessary to rebuild the entire economic system of Germany. A self-sufficient economy, with only a minimum of essential raw materials imported from abroad, would be a Germany with a greatly lowered standard of living.

It was difficult to frighten the unemployed, the partially employed and those who feared they might become unemployed, by the spectre of a lowered standard of living. Moreover, even the professors had to admit that what was meant was a standard of living materially lower than that which the German people were accustomed to in prosperous times, rather than a standard of living lower than that during the worst of the depression

period. But the German people had lost faith in the certainty of the recurrence of prosperous times. Even if they did recur, who knew but in a short time there would be another fearful depression? Consequently the repeated adjurations to patience while the wheel slowly turned once more, received less and less consideration.

Of course the majority of the German people never went through even this sketchy thought process. A few did; most only were convinced that Germany could produce what was needed for food, clothing and shelter, if the machinery of the economy functioned properly. They knew that the machinery did not so function, and they became more and more in the mood to let anyone try to run it, since the likelihood of it being worse run was small enough to be worth risking.

✓ The conclusion that the mass of the German people were hostile to the existing economic system does not imply that this hostility, based on economic grounds, was the sole cause for the coming to power of National Socialism. ✓ Certainly hatred for the Treaty of Versailles, enormously stimulated by the propaganda of the National Socialists and of the Hugenberg Nationalists, played a great rôle. The history of National Socialism shows, however, that propaganda against the Treaty was not very fruitful except in times of economic depression, when it was possible to impress the masses with the belief that their economic misery was due to this cause.

✓ The Treaty of Versailles was no doubt responsible for the fact that radicalism in Germany took a nationalistic turn. The writer does not by any means believe, however, that all of the economic ills of Germany can be traced to this "iniquitous" Treaty, even though the operation of the terms of the Treaty certainly intensified these ills. It is probable that the liberal, parliamentary, capitalistic system could have held out longer if it had had only economic discontent with which to struggle. It is possible, indeed, that the system might have held out until the turn

of the wheel had restored a measure of economic prosperity. Or it might have been that dissatisfaction with the system would only have expressed itself through legislative reform. On the other hand, it must not be forgotten that the existence of the National Socialist Party, which was a sort of stepchild to the Treaty of Versailles, meant that millions of Germans could voice their dissatisfaction by voting for a radical nationalist party rather than by voting for a radical international party. Inflamed nationalism determined the form which the revolution was to take, and it hastened the triumph of revolution. But it was the hostility of the people based upon economic grounds which gave the mass weight to the movement against the system and insured its overthrow.

CHAPTER III

THE COLLAPSE OF MARXIAN SOCIALISM

✓ THE question which naturally arises in connection with the end of the old system in Germany is why it was National Socialism and not Marxian Socialism which accomplished the overthrow of the system and succeeded to power. One may answer this question in brief by saying that Marxian Socialism had had its chance in November, 1918, and had failed to grasp that chance. The long record of futility of the Social Democratic Party was the logical consequence of the decisions which the leaders of the Party made or failed to make in the critical days immediately following the collapse of the monarchy. The mood of desperation and of hostility to the existing order which was characteristic of the mass of the German population in 1933 demanded a completely new system and Marxian Socialism was just as discredited by experience as the liberal, democratic, parliamentary and capitalistic system.

The end of the Kaiserdom in 1918 and the end of the existing system in 1933, in one respect at least, present a curious parallism. The old system in 1918 and the old system in 1933 both collapsed without any resistance. In 1933, however, the National Socialists were to seize the power which fell into their hands and with ruthless force were to destroy all elements in the old system which could offer resistance to the plans and programs of the conquerors. In 1918, by contrast, the power which fell to the Marxian Socialists slipped gradually out of the feeble hands of the leaders. It was natural then, that when a second collapse had occurred, Germany should not again

offer the power to leaders who had once before been afraid to use it.

✓ For decades the Social Democratic Party had carried on propaganda among the workers to the end that ✓ they should be converted to the doctrines of socialism. Came the war, and one day Ludendorf, in order to save the German army from complete disaster in the field, thrust the power of the state into the hands of the astonished and frightened Social Democratic leaders. Perhaps the fright of the leaders was due to premonition. It may be that they really recognized the difficult alternatives which faced them. Or perhaps it was only slave psychology. The Prussian Junkers had been crushed on the field of battle. They hoped to obtain tolerable conditions of peace by turning the power over to the Social Democrats. But the Social Democrats no doubt feared that if the power passed again into the hands of the masters they would receive not gratitude but the scourging of the slave who had dared sit in the master's seat.

It is consequently irony indeed that these cautious and timid Social Democrats should be branded by Hitler as the "November Criminals," who had stabbed in the back the German army, unbeaten in the field. The German army had indeed performed miracles of valor and had shown an almost unequalled military prowess. It is certainly no cause for shame that after four years of fighting against almost the whole world, the German army was compelled to sue for peace in the face of overwhelming strength of the adversary. It is perhaps true that the morale of the German army was affected by the propaganda of the Bolsheviks among German troops who were transferred from the Eastern to the Western Front. But even for this, the Social Democrats cannot be held responsible. Nor was this propaganda a major factor in the collapse of the German army which was imminent on the eve of the Armistice. The power of resistance of the German army had been shattered by four years of

almost superhuman struggle and by the consciousness that further resistance was utterly useless. Hitler's statement that the Social Democrats when they took over the state should have continued the war as did Gambetta after the defeat of the French armies in the War of 1870 is, therefore, absurd.

One can understand the often expressed contempt of the National Socialists for the Social Democrats which was based upon the feeling that the Social Democrats did not make a real revolution in 1918; for it is certainly true that they did not. But it is then wholly illogical to blame the Social Democrats for the overthrow of the monarchy. The complete responsibility for the collapse of imperial Germany in 1918 lay upon the shoulders of the Junker caste which to such a large degree was responsible for the war and for the German political and social structure which could not support the shock of a national defeat.

The rôle of the Social Democrats was to take over the structure which had collapsed and partially to rebuild it with many of the old architectural defects. The writer was deeply impressed by the unanimity with which the Communists and the industrial leaders of Germany agreed upon this rôle which Ebert and the other Social Democratic leaders played in 1918. One of the leaders of the *Reichsverband der deutschen Industrie*, the association of German industries, said, "We owe it to Ebert and his associates that we were able to retain the capitalist system in Germany in 1918."

It cannot be denied that the Social Democratic leaders were confronted by hard alternatives and a dilemma which perhaps was truly without a solution. Two of their own principles were to confront them at once with the necessity for decisions which were to prove fatal for them. In the first place, the Social Democrats believed in democracy. Logically, therefore, they believed they could only take the steps in support of which they could obtain a

popular majority. Secondly, the leaders of the majority group of the Party believed that socialism could not be introduced as a complete system but could only be brought about by a process of gradual development. Upon these two principles the Party was to stand and to fall.

When it became obvious to the radical wing of the Social Democratic Party that no immediate steps were to be taken toward setting up a socialist commonwealth the Spartacist revolt was inevitable. Now occurred the first of the decisions which was to contribute so much to the eventual collapse of Marxian Socialism. It was logical, no doubt, even for a party which believed in democracy, to use force to put down this rising of the radical socialists. Perhaps Noske, the Social Democratic Minister of Defense, followed the only possible course when he offered to be the bloodhound and with a few bursts of machine gun fire put down the Spartacist rebellion. He had, however, established a momentous precedent. He had called in the old officers to lead the troops which defended the government against the Spartacists. Noske afterwards claimed in his own defense that the soldiers had asked to be led by professional officers. In any event, the success of this method of suppressing Communist risings served quickly to reestablish the self-esteem of the old officers' corps, and to confirm the officer caste in its contempt of a party which did not trust its own ability to maintain peace and order but had to turn with pitiful wistfulness to its old masters, and to beseech them, at a price, to wield the actual instruments of state power.

When one considers the ease with which the Spartacist and other later similar Communist risings were crushed by the government, the policy of continuing to employ the most reactionary of the former officers in putting down these revolts seems almost beyond the bounds of human understanding. Yet it must not be forgotten that all revolts which fail are liable to appear as though they had been hopeless from the beginning. The writer has

speculated without end upon the circumstances which made it possible for the Bolsheviks to seize the power in Russia. There can be little doubt that if Kerensky had been Noske, the Bolshevik revolt would not have been successful. If Kerensky had really firmly decided to co-operate with Kornilov it is possible that the history of the Russian Revolution would have been very much like that of the German "Revolution." By making this comparison between the events of the Russian Revolution in 1917 and the events of the German "Revolution" in 1918-1919 it is possible to understand the dilemma with which the Social Democratic leaders were faced.

Nevertheless, the history of the relation of the Social Democratic leaders to the German Reichswehr remains an extraordinary chapter in human experience. During the first years of the German Republic armed bands of former officers and soldiers of the old army roamed through the land. Sometimes they fought against the Poles in Silesia, sometimes they "cleaned out" local Communist governments, as in Munich or in the Ruhr. At times they carried out these activities with the aid of and at the orders of the first Social Democratic government or of the other governments of the Republic which succeeded it. More often these operations were carried out "on their own." Occasionally these armed bands attempted a *putsch* against the Republic like that of Kapp, in 1920, or of Hitler in 1923. When a *putsch* by the military against the government failed there was never any serious punishment. On the other hand, when these nationalist military bands carried out a successful operation against a Red local government, the Communists always received bloody retribution. The nucleus of the officer personnel of the Reichswehr was formed from the leaders of these bands.

Even as late as 1923 the Reichswehr, which had refused to obey the government and to protect it against the Kapp *putsch*, could carry out an operation "on its

own fist" against the Red governments of Saxony and Thuringia. It is little wonder that the Reichswehr became a "state within a state" quite beyond the power of any republican government to control.

There is little doubt that the Social Democrats were greatly affected in their attitude toward the Reichswehr by their national patriotism. They could not bring themselves to vote against appropriations for the Reichswehr, not only because it was their weapon against Communism, but because they looked upon it as the only armed defence of Germany against the forces of hostile countries which surrounded the defeated and humbled nation. This feeling was, of course, completely illogical, for the Reichswehr was too small to be of any use for such a purpose. Nevertheless, the Social Democrats at least found an excuse for themselves in this circumstance.

Just as they made use of the services of the old officer corps, the Social Democrats likewise retained the services of the former diplomatic staff. The Social Democrats had no more confidence in their ability to deal with foreign affairs than they had in their military capabilities. When one surveys the record of German diplomacy before 1914 and since the advent of National Socialism, one can only be amazed at this feeling of inferiority on the part of the Social Democrats. The Social Democrats were enormously impressed by the fetish of the inviolability of the courts, and they consequently retained a large part of the old judiciary also. They apparently failed to realize that the control of the courts is the most fundamental of all powers and that a revolution which does not secure control of the courts is not really a revolution. Most of the remainder of the personnel of the old state apparatus who were subject to civil service regulations were also retained by the Social Democrats. It should be noted that when the National Socialists came to power they did not repeat this error.

The retention of the old army officers, the judiciary

and the diplomatic corps, was an almost impossible handicap in attempting to create a stable republican government. Consequently, even if it is admitted that it would have been impossible for the Social Democrats to have created a socialist state, they must in large measure, bear the responsibility for the weakness of the Republic.

It must not be thought, however, that they were unselfish souls who were completely without the desire for public office. If most of the old officials were retained, the Social Democrats nevertheless created additional positions, which were filled with "deserving" members of their own party. Where a small city, for example, had had an honorary burgomaster who devoted an hour or two each day to the affairs of the town, with the aid of a full-time clerk, under the republican régime there would be a head burgomaster, an assistant burgomaster and a clerk, all on full time, and receiving good salaries. Social Democrats received positions as executives of public utilities with salaries which were large even by American standards. So many Social Democrats received jobs that the party came to be, to a degree, a party of job-holders. This circumstance was also one of the reasons for extreme hostility upon the part of the small tax payers to the Social Democrats. It is one of the maxims of the successful conqueror that the old ruling class must be displaced. Not the least important reason for this is that a nation cannot support two sets of rulers. The Social Democrats, contrary to this maxim, had made the mistake of saddling upon the economy of Germany the task of feeding both them and the old bureaucracy.

Just as the Social Democrats retained the old political personnel, they also allowed the old personnel to continue in control of the economic machinery of the country. The National Socialists later tried to avoid duplicating this mistake. Perhaps this was because they had learned the technique of the Russian Bolsheviks and had

also profited by the failure of the Social Democrats. But in 1918 the Social Democrats apparently were not able to conceive of any alternative between nationalizing industry or leaving it in control of the existing owners. That the National Socialists were to attempt to solve this problem through the device of *Gleichschaltung* in industry is a tribute to their resourcefulness.¹

The Social Democrats had approached the problem of socializing industry by means of setting up joint commissions on which the owners of the industries were represented. These commissions were given the task of investigating the methods by which the owners of industries could be compensated for property taken over by the state. It is not surprising when men like Hugo Stinnes were represented on them that the final result was a large number of printed volumes but no steps toward nationalization.

The Social Democrats had failed to create a new political apparatus and had only succeeded in disintegrating the character of the old Prussian bureaucracy. They failed as well to create a new economic apparatus and as a result they earned the patronizing contempt of the industrialists who had outwitted them, just as they had earned the contempt and hatred of the old Prussian officialdom whose services they retained.

The Social Democrats always offered as an explanation of their failure to make any progress toward the creation of the socialist society to whose attainment they were pledged, the fact that at no time did they have majority control of the government except for the few months prior to the election of a government under the Weimar Constitution. Since they were sincere democrats they could not undertake socialization without a mandate from the people, and this mandate they were never able to obtain. Against this explanation the question may be raised of whether or not, if socialization of industry had

¹ See p. 137, Chapter VI.

been proclaimed immediately upon the collapse of the old régime, it would not have been possible to obtain a majority of sorts for the *fait accompli* just as Hitler was to be able to do on March 5, 1933.

The Constitution of Weimar, for which the Social Democrats were largely responsible, was well calculated to make it impossible for any party to carry out a fundamental and positive program. The system of proportional representation which was provided for the election of the legislative bodies made it well-nigh impossible for any party to secure a clear-cut majority. Furthermore, the Social Democrats allowed the old complex and irrational structure of the Reich to remain largely without change. Thus, even if they had been able to get control of the government of the Reich through winning a national election, the path to economic and social reconstruction was always liable to be blocked by the existence of a government dominated by a hostile party in Bavaria or Saxony.

For the Social Democrats it must be said that most Germans took the existence of this irrational structure of the Reich so much for granted as never to consider the possibility of altering it. The writer was assured over and over again that neither National Socialism nor Communism could possibly gain control of the entire Reich because the differences in customs, laws, and history of the different "lands" offered an insuperable obstacle. When the writer ventured to call attention to the fact that the Bolsheviks had established Communism throughout Russia in spite of the fact that the differences in race, language and customs were very much greater between the various parts of the old Russian Empire than was true in Germany, the answer always was that Germany was not Russia. The National Socialists were later to show how insignificant this "insuperable obstacle" could be to determined men.

By the time a vote could be held under the Weimar

Constitution it was already clear that the Social Democratic Party could not be counted upon to set up either a new political or economic system. It is not to be wondered at, therefore, that they could not obtain a popular majority. In revolutionary times the government which ceases to be dynamic and allows the initiative to pass out of its hands cannot expect to command popular support.

It is true that the dice of fortune were loaded against the Social Democrats. Their great misfortune was that they were forced to accept responsibility at a time when almost any move they made was likely to have disastrous consequences. For democracy to have a chance to succeed it is essential that there should be not only a majority but a very large majority of the people who are willing to accept it. This was to be proved in later years when a fifty-two per cent majority of National Socialists and Nationalists was able to put an end to any future opportunity for the population to decide by a free vote, either who their political leaders were to be or what the system itself should be like. For democracy to endure, the democratic parties must never lose control; for one defeat at the polls is fatal, since once to lose control of the governmental apparatus is to lose the opportunity to submit again to the voters the question of whether or not there shall be a democratic form of government. This is the dilemma which confronts every democratic government and certainly justifies such governments in taking strong measures against parties or groups which proclaim their intention of using the ballot only as a means of destroying the democratic system.

Even if the Social Democrats had followed the path of the socialization of industry by decree and had set up a really socialistic state, the prospects for such a state following the German defeat in 1918 would certainly not have been bright. Quite apart from the general question of the feasibility of socialism, the circumstances in 1918, when Germany was destitute of supplies of food and of

raw materials and at the same time at the mercy of the Allied generals, made the prospect for a socialist state dark indeed. To have embraced socialism under the circumstances probably would have meant throwing in their lot with Russian Bolshevism and to have staked everything on the possibility of a world revolution. Neither the prospects at the time nor the events which have since transpired in Russia afford very substantial grounds for surprise at the lack of enthusiasm of the Social Democratic leaders for making common cause with the Bolsheviks.

The history of Marxian Socialism after these early days of the Republic became the history of the effort of the Social Democratic leaders to obtain as good living conditions as possible for the working class under the capitalistic system, to preserve the republican government, and to keep first the Communists, and later both the Communists and the National Socialists, from securing control of the labor unions and the proletarian vote. That they had some measure of success in all these efforts and that they finally completely failed in all of them is now a matter of record.

The final failure of republicanism in Germany can by no means be charged completely to the account of the Social Democrats, although the retention of the old officialdom to which reference has been made above, was one of the most serious sources of weakness of the republican régime. Grave responsibility for the collapse of the republican régime rests upon the shoulders of the statesmen of the Allied and Associated Powers who insisted that the old imperial régime in Germany should be replaced by a new government, and who then made the terms of peace so severe that the new government for whose creation they were largely responsible was inevitably unpopular with the German population. The final touch was to be added when, after refusing the necessary concessions to successive republican governments, the great concessions

of the agreement at Lausanne were to be given in 1932 to the most reactionary government which Germany had had since 1918. It was natural that German public opinion was to be confirmed in its growing belief that an attitude of recalcitrance was the only one which paid substantial dividends. As has been explained in the preceding chapter the most powerful factor which brought about the overthrow of the republican government in Germany in 1932 was, moreover, none of these things, but was the economic misery due to the long depression, for which the Social Democratic Party certainly cannot be held responsible even though Hitler was able to make a large part of the German people believe that this was so.

If anything was needed to make certain the futility of Marxian Socialism in Germany besides the leadership of the Social Democratic Party, it was furnished by the leadership of the German Communist Party. Without the bitter hostility of the two wings of the Marxian socialist movement it is difficult to see how National Socialism could ever have triumphed. Certainly, it would not have triumphed without a desperate struggle if it had not been for the long guerrilla warfare between the two wings of the Marxian movement which had resulted in the complete dissipation of the fighting strength of the proletariat.

It is easy to understand the contempt and hatred which the Communists felt for the Social Democrats. Even though circumstances had made it almost impossible for the Social Democrats to carry out any socialistic program it cannot be denied that the Communists were probably right in saying that no matter what the circumstances the Social Democrats would never have done so.

An official of the Prussian government headed by the Social Democrat, Otto Braun, said to the writer, "It is true that the Social Democrats are the most effective defenders of capitalism. For they, better than anybody else, have learned the technique of explaining convincingly to

the workers how it is not yet possible to take steps toward setting up a socialist state and why it is necessary to wait yet a while longer." To the question of whether the Social Democrats had any approximate estimate of how long it would be until socialism would be attained, he hesitated to make an answer. When the writer asked "Twenty-five? Fifty? One hundred? Two hundred Years?," his reply was, "What after all is capitalism and what is socialism? In 1918 we used to use those terms, but now we know that they are unscientific." Although this man was not a Social Democrat, his interpretation of the views of the Social Democratic leaders was not unfair. Nevertheless, the greater part of the proletariat continued to vote for the "*S. P. D.*" candidates in the belief that they were socialists.

Numerous discussions with leaders of the Social Democratic Party in 1932 convinced the writer that if these men had ever had any idea of setting up a socialist society they had long since abandoned it. When they were confronted with the possibility of the collapse of the capitalistic system in Germany during the banking crisis of 1931 they were as frightened as any capitalist, and far from making any attempt to offer socialism as a substitute they were only concerned with somehow propping up the existing system. Without exception these leaders all had their hopes set upon the end of the economic depression. They assured the writer that it was impossible to do anything of a positive nature so long as the economic depression lasted. The depression was particularly unfortunate because it strengthened the National Socialist Party. As soon as the depression was over it would be possible to obtain increased appropriations for social insurance and to restore the wage level of the workers. In the meantime, "purely for propaganda purposes, since we cannot hope to get it passed," a proposal for planned economy was introduced in the Reichstag.

During the final days of the democratic and parlia-

mentary régime when the complete bankruptcy of the policy of the Social Democratic Party was becoming ever more apparent, the leaders of the Party hugged to their breasts the delusion that the action of the German government in subventioning the banks and private industries represented great progress toward the goal of the socialist society according to the Marxian model. It was indeed an evidence of the weakness of the existing economic system, but it was by no means a step toward the objective which the Marxian socialists desired. Nevertheless, the Social Democratic leaders expressed their confidence that the economic crisis would end with this great step forward having been made. It was, the leaders felt, another proof of the inevitable development of socialism and of capitalism; a new proof of the validity of the Marxian theory of economic determinism.

In the light of the handwriting on the wall which was already becoming legible during the last months before Hitler's advent to power, this reiterated expression of reliance upon an emasculated Marxian theology seemed childish and pitiful. For during the twilight of the old form of capitalism, the largest Marxian Socialist party exerted scarcely any influence upon the course of events, and the final struggle was between National Socialism and the old capitalism, which manifested a considerable degree of stubborn resistance.

The hatred of the Communists for the Social Democrats was intensified by the success which the Social Democrats had in retaining the proletarian vote. It is true that the Social Democratic vote was always larger than the Communist vote, partly because many minor officials, professional men and others, found the Social Democratic Party sufficiently *bourgeois* for their support.

The Social Democratic Party managed to retain a great part of the working-class vote, principally through their complete control over the most important trade

union organizations, the so-called "free" trade unions. The Communists were never successful in wresting the control of these trade unions from the Social Democrats, although they never ceased to try to do so. For a time they would try to establish rival unions, and when this failed they would resume the effort to seize control of the unions by "boring from within." The fundamental cause of the Communist failure was the sacrifice of the economic interests of the workers to serve political purposes which were impossible of attainment. The frequency with which the Communists were willing to call "general strikes" soon made even the laborer who voted Communist chary of belonging to a Communist union.

The constant warfare which the German Communist Party carried on against the Social Democrats was, however, by no means alone due to the contempt which they felt for the policy of the Social Democratic Party. The Communist Party in Germany, like the Communist Party in all lands, was dominated completely by the Comintern in Moscow, which in turn is dominated by the Russian Communist Party. Consequently, the Communist leaders in Germany were never free to make whatever decisions they thought might be in the best interests of the German Communist Party, or, if they did make such decisions, they were always in danger of having them over-ruled by Moscow.

It might have been possible for the Communist leaders to have won control of the Marxian labor movement in Germany, if they had been free to follow a policy which common sense would seem to have dictated. In that event the Revolution of 1933 in Germany might have been Communist instead of National Socialist. Orders from Moscow, however, made it impossible for the Communist leaders to co-operate in any way with the Social Democratic leaders. Instead, the supremely silly epithet "Social-Fascist" was coined and applied to the Social Democrats. If the Social Democrats favored anything, the

Communists must oppose it. If a labor dispute was being handled by the regular trade unions which were under Social Democratic control, then all efforts at reaching an agreement with the employer must be sabotaged. In rare instances, indeed, was there ever any co-operation in elections on the part of the Communists, even though a split in the proletarian vote might mean the election of a National Socialist.

Whenever the German Communist Party by any chance developed a leader who favored a policy of realism and who showed any inclination to develop a program based upon conditions in Germany, he was almost certain to be summarily dismissed on orders from Moscow. The activities of the German Communist Party came to be only the mirror of events in Russia. If Trotsky were thrown out of the Russian Communist Party, the Trotskiests had to be thrown out of the German party also. If the battle against "Right Opportunism" raged in Moscow, the theatre of war must be extended to include Germany as well. Heretic hunting became one of the principle activities of the German Communist Party.

It was no doubt inevitable that the German Communist Party should be so dominated. Under the circumstances the German Communists could not fight against this dominance. It was tactically impossible to carry on a struggle with the leaders of Russian Communism and at the same time hold up to the proletariat the Soviet Union as a model to be emulated. The conclusion cannot be avoided, however, that the leadership of Moscow was a tremendous handicap to the Communists in Germany. It must be said, too, that if the existence of a Communist state in Russia served to stimulate the most miserable of the proletariat to wage the class struggle, the actual experience of German workers who went to Russia to work and who returned with accounts of the appallingly low standard of life there, served also to strengthen the conservatism of the better paid workers.

The policy of the Communist Party in calling "wild" strikes and "general strikes," in provoking clashes with the police, in summoning the workers to hopeless battle on the barricades, had the eventual effect of draining away the energy to resist of even the most radical elements in the working population. There can be no doubt of the bitterness of the hatred which the workers who voted Communist felt for the capitalistic system. But it had become a weak and hopeless bitterness. Repeated clashes with the police had meant repeated search for and confiscation of arms. The failure to obtain control of the unions meant that the economic weapon could not be used. Anyone who observed the parades of the Communists through the streets of Berlin in the winter of 1932 and saw the thin, miserably clad, weak men, women and children who marched in the biting wind to the Lustgarten to hear their speakers denounce the capitalists, could not feel that here was any immediate threat to the capitalistic system. Theirs was the hatred, not of rage, but of despair.

✓ It is possible, then, to understand how National Socialism came to power in Germany without resistance from Marxian Socialism. The last opportunity for resistance with the slightest chance for success disappeared when Severing and Braun yielded the Prussian government to von Papen in July, 1932. After Hitler had come to power, after all hope of resistance was gone, the German Communists were to receive permission from Moscow to co-operate with the Social Democrats in fighting the National Socialists. The Communists did make an effort to call another general strike in January, 1933. The Social Democratic leaders of the trade unions in the Ruhr refused to join the general strike on the amusing ground that "To us a general strike is the last resort!" Nevertheless, resistance would have been perfectly useless. The day of Marxian Socialism in Germany had already gone.

The National Socialists were to pour scorn upon the leaders of the Social Democratic Party "who fled abroad and left their followers to face the consequences of the acts of the leaders." But it would have been perfectly hopeless for them to have remained. It was evident that the party system was at an end and nothing could be done through legislative channels. It was likewise impossible to carry on underground opposition with any degree of success. A government which is willing to use unlimited terror can always cope with ease with underground opposition, as the history of Soviet Russia has shown. It is a false analogy to say that secret revolutionary activity was carried on both against the Tsarist government in Russia and against the German government in the days of Bismarck. The policy of repression of the Tsarist government and of Bismarck failed primarily because there was a limit to the force which they used. But against terror such as both the National Socialists in Germany and the Bolsheviks in Russia are willing to use and do use, the possibility of secret resistance is small indeed.

It is probable, therefore, that the world will observe with astonishment how successful the National Socialist government will be in its determination to crush Marxian Socialism. The smouldering bitterness of the former Marxians will no doubt exist for a long time and the organized terror against them will no doubt be a feature of life in Germany for an indefinite period. But only in the event of a foreign war which would be of considerable duration would the hostility of the unreconciled portion of the proletariat become a factor of decisive importance.

CHAPTER IV

THE END OF THE REPUBLIC OF WEIMAR AND THE EVE OF THE THIRD REICH

RARELY in history has there been a period in which the factors determining the course of political events were so complex as those which operated during the twilight of the German Republic from June, 1932, when von Papen succeeded Brüning, until January, 1933, when Hitler finally became Chancellor of the Reich. During this period there occurred a continuous and bewildering conflict of economic, political and personal interests which is almost without parallel. Was the period only one of an attempt to postpone, with means too weak for any hope of success, the inevitable triumph of National Socialism? Or was Hitler's triumph due only to the indecision and disunion of the forces which opposed him? Was National Socialism the god-child of the Junkers and industrialists or did both hold out to the last against Hitler? Should the historian depict the old Field Marshal as the steadfast leader who fought to the last for the Republic which he had sworn to defend or as the man who dealt it the dagger thrust against which it had no protection? Does the period offer proof of the validity of the doctrine of economic determinism or does it offer proof of the power of great personalities over circumstances? Or, finally, may not the events of this period be only the manifestation of the action and reaction of personal ambitions, grudges, hates, jealousies, suspicions and treacheries?

The last Republican cabinet came to an end with Brüning. In the final days of May, 1932, he received the *coup*

de grace from von Schleicher. There was a certain historical justice in this, for Brüning, in some degree at least, had owed his elevation to von Schleicher, who since 1918 had consolidated his position in the Reichswehr and had eventually transformed this superbly trained and disciplined force into his own personal political instrument. As early as 1923 the Reichswehr had obtained the veto power over Germany's political destinies. It is true that one might search in vain in the German Constitution or in the statutes of the Republic to find any legal authority for this veto power. Yet the power existed and was sometimes covertly, sometimes openly, exercised. On the eve of National Socialism this power was openly exercised by General von Schleicher.¹

Von Schleicher decided to destroy Brüning at the moment when he had incurred the hatred of the Prussian Junkers. The Junkers had been a thorn in the side of other chancellors, and later they were to encompass the ruin of von Schleicher also; but just now they were the instrument which he employed with success against Brüning. The estates of most of these Junkers of East Elbia were bankrupt. Through the *Osthilfe* the sorely pressed German government had continued to pour funds which there was no hope of ever receiving again. Economically these estates had no future. Brüning proposed, as had often been done before, that these bankrupt estates should be broken up and distributed to formerly landless peasants. The Junker neighbors of von Hindenburg were outraged. This, they said, was agrarian Bolshevism. They appealed personally to their neighbor, the Field Marshal, to set up a national government which would prevent the threatened outrage.

Von Schleicher chose this moment to inform Hindenburg that the Reichswehr could not be relied upon to defend the Brüning government in case of a National

¹ See Chapter III, pp. 35-37, for an account of how this special power of the Reichswehr developed.

Socialist *putsch*. The end of the liberal and democratic Republic had come. Brüning is reported to have said in his bitterness, "The old Field Marshal sees no difference between changing German Chancellors and changing his Chiefs of Staff during the war." *

The cabinet of von Papen which was summoned by von Hindenburg after the enforced resignation of Brüning, was a curious *mélange*. The inner history of the intrigue which gave it birth is still something of a mystery. Von Schleicher, the new Reichswehr minister, contributed to the conspiracy the machine guns of the Reichswehr. Von Papen contributed an intimate connection with Rhenish-Westphalian heavy industry. He was counted upon, also, to obtain the coöperation or, at least, the toleration of the Centrist Party since he was a Catholic. Although this hope failed, he was of great value because he had also a personal contact with the President. The conspirators relied, however, mainly upon the President's son, Colonel Oscar von Hindenburg, and upon his secretary, Staatssekretär Meissner, to obtain the support of von Hindenburg. The support of the Junkers and of the Hugenberg Nationalist Party could, of course, be counted upon in advance.

This cabinet always claimed to be above all parties, and in a sense this was true. At least no prominent politicians were in it. Von Papen was a wealthy but hitherto not prominent member of the Centrist Party. His sole claim to fame until this time was his activity as military attaché in the United States during the war. Most of the other members of the cabinet were government officials or former government officials of strong "right" convictions, of aristocratic birth and of little political experience. Von Papen, von Schleicher and a number of other cabinet members belonged to an aristocratic Berlin club which had the name of the *Herren Klub*. No doubt common membership in this club had served to facilitate this politi-

* Quoted by Mowrer in his "Germany Puts the Clock Back," p. 10.

cal intrigue on the grand scale. The name of the club was to serve the National Socialists well in their later attacks upon the cabinet. Stated somewhat dramatically, the von Papen cabinet was a small band of aristocratic conspirators who had banded together for the threefold purpose of destroying the Weimar Republic, outwitting the National Socialists and restoring the monarchy.

The exact rôle which the industrialists played in the overthrow of Brüning and the setting up of the von Papen government is not entirely clear. That the industrialists actually instigated the conspiracy seems doubtful, but that they were represented in its planning is probable. It is absolutely certain that they were at least in a receptive mood for such an event, and after it had taken place they heartily supported the new régime during its first months of existence. They had had no fundamental objection to Brüning in so far as his economic philosophy and program was concerned, for Brüning was wholeheartedly conservative. But the economic and political situation was becoming always more critical, and Brüning's policy was simply to wait until an improved international situation would bring with it an economic upturn. So far so good, for the industrialists had no other policy than this. During this waiting period it was absolutely necessary, however, that the government should be in the hands of someone who could count upon the absolutely unquestioned support of the Reichswehr to maintain public order. Von Schleicher had convinced the industrialists that the Reichswehr could not be counted upon to obey Brüning in case it was necessary to use armed force against the National Socialists. It is indeed possible that this was so, for as will be explained later, although the Reichswehr officers were by no means all enthusiastic supporters of Hitler, they were all nationalistic and militaristic, and their loyalty to a civil government which found it necessary to wage armed warfare against a fanatically nationalistic movement would have been uncertain at best.

The small group of personalities who engineered the overthrow of Brüning and the formation of the von Papen government could assure the industrialists that the Reichswehr lay in their hands, and the assurance was true. When confronted by the possibility of a completely National Socialist government as an alternative to the Brüning cabinet, the von Papen-von Schleicher *coup* seemed to the industrialists a heaven-sent means of escaping such a hard alternative. Yet the decision to support the von Papen conspiracy was not reached without serious consideration, for the risk which had to be taken was considerable.

Did the decision of the conservative elements to prevent Hitler from coming to power mean that the industrialists considered that the safety of capitalism in Germany against any threat of communism had been assured? Or did it mean that the conservatives, simply on account of their distaste for Hitler, had recklessly cut themselves off from the Fascist island of retreat which the National Socialist Party offered to capitalism?

The industrialists, bankers and business men of Germany by this decision did indeed reject National Socialism as a substitute for capitalism. It would be more exact, however, to say that few had ever considered accepting it as such. Only during the period immediately preceding the von Papen government did an active and determined opposition to the National Socialist movement develop from this quarter. For some years most industrialists had viewed the growth of National Socialism with complacency, since they regarded the movement as essentially nationalist rather than socialist. Furthermore, the National Socialists took over the task of fighting the Communists and the trade unions. A certain innate hostility of the rank and file of the National Socialist movement toward "Big Business" was discounted because there seemed little probability that this hostility would ever be expressed in any more practical form than in the

pamphlets of Feder *et al.* The undoubted service which the National Socialist movement had rendered in strengthening Germany in her stand against reparations was also recognized by capitalists. Many proprietors of virtually bankrupt provincial industries were active supporters of National Socialism and a large number of the Rhenish-Westphalian proprietors of heavy industry furnished financial aid to the National Socialists at one time or another for these reasons. Nevertheless, there can be no doubt that the majority of German industrialists always remained opposed to the acceptance of a completely National Socialist government.

As the National Socialist Party attempted to expand its voting strength it became necessary to emphasize the economic side of the party program. Only by so doing could there be hope of winning the support of the peasantry, and still less could the support of the proletariat be won in any other way. As the economic situation became worse the stressing of anti-big business slogans became an ever more essential means of National Socialist propaganda. The uneasiness of the business leaders of Germany naturally increased in proportion.

In the summer of 1932 the immediate prospect of a National Socialist government was particularly disturbing to German business men. The bitterness of the anti-Semitic feeling among the Nazis was one cause of this apprehension. The prospect of international conflict which might be expected to follow upon the carrying out of the National Socialist foreign policy was another cause for alarm. Most important of all was the fact that temporarily the movement had swung to the left. No one knew exactly what the economic program of the National Socialists would mean in practice, but it had at least become apparent that a wholly National Socialist government could probably be counted upon to perform some very serious exploratory operations upon the still living body of German capitalism.

If, however, the industrialists decided to block the path of Hitler to power and succeeded in so doing, the movement would either be materially weakened or it might be pushed still farther to the left. The prospect of the National Socialists becoming, in effect, National Communists was a source of concern to the conservative forces in Germany.* The conservatives disliked the necessity of making a decision which definitely aligned them against the National Socialists, and which meant that the continuance of the use of the Hitler movement as a specific against the growth of the Communist movement became uncertain.

If the downward movement in world economic conjuncture had continued at an uninterrupted pace, it is to be doubted whether the conservative elements in Germany would have dared to take the decisive measures which they did finally take in the summer of 1932 against Hitler's march to power. By that time, however, there could be observed the first faint signs of the temporary economic upturn of that year in the United States. The economic situation in England was also showing some signs of improvement. German industrialists decided that this foreshadowed the turn of the cycle for Germany as well. If economic conditions improved sufficiently there was no longer any important use to be served by the National Socialist movement. If the movement were allowed to come into control of the state it might not only prevent Germany from sharing in the hoped-for economic upswing, but it might even nip in the bud the tender sprout of international confidence and thus destroy all hope of economic recovery. Consequently the

* Conservatives often insisted to the writer that National Socialism, if allowed complete power, would be in essence National Communism. At an earlier date a small fragment of the N.S.D.A.P. had split off under the leadership of Otto Strasser. This tiny independent group published a newspaper called *The Black Front*, and advocated national communism outright.

opportunity which von Papen offered seemed worth the risk.

The dangers which confronted the von Papen Cabinet were apparently very serious. It had to be ready to fight on two fronts, against Hitler and against the Marxian parties. But von Papen no doubt reasoned that neither of his mutually antagonistic enemies would dare to come to blows with him so long as there were behind him the machine guns of the Reichswehr and the immense prestige of the President of the Reich.

As long as the control of the Prussian state apparatus lay in the hands of the Social Democrats, however, there did exist another armed force which, under certain circumstances, might be used as a counterweight to the Reichswehr. Consequently, the next step of the von Papen conspirators was the conquest of Prussia. This was necessary in order to secure control of the Prussian police.

Through the use of the famous Article 48 of the German Constitution, von Hindenburg issued the decree which supplanted the elected government of Prussia by an appointed commissar, responsible to Hindenburg and to the cabinet of von Papen.⁴ Although the coalition government of Prussia under the Social Democratic Minister-President, Otto Braun, declared that they would yield only to the use of force, the "force" which was actually used amounted to a lieutenant and a corporal's guard of the Reichswehr. So ingloriously on July 20 the

⁴ Article 48 of the former German Republic provided that if public safety and order were menaced in the Reich, the President might take the necessary measures to restore them. President Ebert had established the precedent of using the authority of Article 48 in order to avoid asking for legislation from the Reichstag. Brüning had carried on his government by favor of frequent exercise of this power by von Hindenburg. Every kind of decree imaginable was put in force by virtue of its authority. The von Schleicher cabinet at a later time even proposed to compel the admixture of butter in oleomargarine by a decree under virtue of Article 48. Von Papen in the heyday of his power intended to amend the Constitution itself under cover of this famous Article.

Republic lost its last stronghold. With the failure of the Braun government to defend itself there disappeared the last possibility of successful resistance to the non-parliamentary government of von Papen or to any of the similar governments which succeeded his.

Why did not the Social Democratic Party offer any resistance to what amounted to the armed overthrow of the republican government of Prussia? To this question the Social Democratic leaders have answered that they made no resistance because they knew to resist would have meant a "bath of blood" for Germany. It is quite likely that the bath of blood would indeed have been the result of their resistance. But the von Papen government was willing to risk the bath of blood, no doubt because they knew the mettle of the men with whom they had to deal and relied upon the fact that the Social Democrats were men of peace who did not dare to face the bloody alternative which resistance meant.

To what forces could the Social Democrats have appealed to resist the aggression of the Reich government? First, there was the Prussian police force, which meant the police force of Berlin and of all the other cities of Prussia. Secondly, there was the Reichsbanner, who had been drilled, although by no means so thoroughly as the S. A. and S. S. detachments of Hitler.⁸ Thirdly, there were the trade unions who would have called a general strike at the will of the Social Democratic leaders. Finally, there was the mass of the proletarian elements of the cities, either Communist or Social Democratic adherents, who would have in large part supported the Social Democratic leaders if a general strike had been called.

To what extent the Prussian police could have been counted upon to support the republican government of Prussia by force of arms is, of course, questionable. A

⁸ S. A. stands for *Sturm Abteilung* and S. S. stands for *Schutzstaffel*. They are the two uniformed fighting organizations of the National Socialist Party. The S. S. form a special *corps d'élite*, and wear black instead of brown uniforms, as do the S. A.

part of the police were actively loyal to the Social Democratic Party. Some others were even sympathetic to the Communists. On the other hand, there was an important group who were actively National Socialist in sympathy. Probably the greater part were loyal simply to whatever government had the appearance of legality. Certainly it have been difficult to count upon them to carry on actual warfare against the Reichswehr with the authority of Hindenburg behind it.

The Reichsbanner could certainly not have held its own against the Hitler's S. A. and S. S., the Stahlhelm, and the Reichswehr, even with some help from the police. The trade unions would probably have called a general strike if the Social Democratic leaders had requested it, for the leadership of the trade unions and of the Social Democratic Party was so closely linked. But the trade union leaders hesitated to call a strike which would have been a strike against von Hindenburg, just as the Social Democratic leaders lacked the courage to engage in civil war with the authority of von Hindenburg on the other side. In case of a general strike at least a fraction of the workers who were Nazis would have been available to strengthen the skeleton organization of technicians for the operation of the public utilities which had been prepared by the authorities against just such a possibility.

The Social Democratic leaders later privately defended themselves against the charge of cowardice by saying that they could not have relied upon Communist aid. The Communists would indeed have supported them against the government of the Reich and against the National Socialists, for if the victory against the Right had been won there would have had at once to be fought another civil war between the Social Democrats and the Communists. There is no doubt that the Social Democrats are quite right about this.

One cannot avoid the conclusion that the Social Democrats would have had to carry on a struggle with very

doubtful hope of success. More than anything else the situation was made impossible for them by the fact that they had supported von Hindenburg for the presidency of the Reich in the belief that he would protect the Republic against the National Socialists. They had campaigned for him as the saviour of the Republic. Many staunch republicans believed that the measures of the von Papen government were sanctioned by von Hindenburg as a means of preserving the Republic and the life and property of its citizens during a time of unparalleled political strife. Certainly, the majority of the German population would not have fought for the Prussian Social Democratic government against the Reich government headed by von Hindenburg.

Furthermore, during this period it had not yet become apparent that the von Papen government intended to outwit Hitler and prevent the National Socialists from ever coming to power. Consequently, at this time, von Papen could have counted upon National Socialist support in the event of civil war. Indeed, it may be said that during this critical period the von Papen government was immensely strengthened by the circumstance that the Republican parties persuaded themselves that von Papen was trying to keep Hitler out of power, while the National Socialists still hoped that he would eventually turn the power over to them. Finally, it must be said that the Social Democrats were psychologically totally unable to wage a civil war. They were essentially petty bourgeois in their social and economic training and point of view. The men who opposed them were trained in a tradition of blood. The Social Democratic leaders were not. They hated and abhorred the thought of it. Under such circumstances the men of blood inevitably came to power, for they who can be coerced by the threat of blood cannot hope long to hold the power in any land. So passed the moment when the Marxian parties could have resisted the National Socialists with a faint, poor hope of success. Resistance henceforward would have brought only massacre.

The exact nature of the agreement which the von Papen régime made with the National Socialists in order to obtain their support during the critical period of the ousting of the Social Democrats from their strategic position in Prussia is a matter of dispute. Von Papen later claimed that the National Socialists had agreed to support the von Papen government for an indefinite period in case the National Socialists did not succeed in obtaining a majority in the general elections which were called by von Papen as part payment for the support of the National Socialists. Hitler denied later that he had approved any such undertaking but claimed, instead, that he had only agreed to support the von Papen government until the election. According to his concept of the von Papen government it was simply an *ad interim* government which the nationally minded leaders of Germany had set up in order to turn the power over to him without the necessity of a *putsch*.

Later developments demonstrated very clearly that von Papen, von Schleicher and the other members of the cabinet had had quite a different idea. Undoubtedly, they had hoped that they could induce the National Socialists to participate in the government by salving their vanity with some newly created cabinet positions with high-sounding titles but with no real power, politically, economically or militarily. Brüning had had a similar hope, but had seen it disappointed. Both von Papen and von Schleicher were convinced that they could succeed where Brüning had failed. That both were disappointed in their expectations is now a matter of history, but almost up to the very moment of Hitler's accession to the Chancellorship the hope was still cherished. Indeed, the actual agreement which von Papen, Hugenberg and Seldte made with Hitler when he actually did become Chancellor showed that this hope had even then not died.

As part of the understanding between the von Papen government and the National Socialists, the S. A. and S. S. detachments of the National Socialists which had

been dissolved by Brüning were once again legalized, their numbers even further increased, and new uniforms bought for them. An even more than usually intensive campaign was carried on by the National Socialists with all the propaganda methods of which they were such successful masters. The campaign was accompanied by the large number of political riots and murders which had become commonplaces in Germany.

✓ In the election of July 31, the National Socialists obtained almost 14,000,000 votes and 230 Reichstag seats out of a total of 608. Thus, even counting the seats of their allies, the Hugenberg Nationalists, who obtained 40 seats, the parties of the Harzburg Front did not succeed in obtaining a majority of the seats in the Reichstag. It must be said, nevertheless, that considering the German proportional representation electoral law, the result was an impressive demonstration of the tremendous hold of the National Socialist Party upon the German electorate. One might make this point clearer by saying that the number of votes which the National Socialists received at this election would undoubtedly have been equivalent to an outright majority of the votes of the electorate under such election laws as those of the United States, for example.* On the other hand, one of the reasons for the strength of the National Socialist

* The parties represented in this Reichstag, with the number of seats controlled by each, were as follows:

National Socialists	230 seats
Social Democrats	133 "
Communists	89 "
Center and Bayerische Volkspartei (Catholic parties)	97 "
German Nationalists (Hugenberg Nationalists)	40 "
People's Party (Party of the Industrialists)	7 "
State Party	4 "

The remainder of the seats were held by the "splinter" parties.

The German electoral law provided for a type of proportional representation which allowed an almost unlimited number of parties to enter an election contest. Consequently, anyone with an idea which had an appeal to a few thousand voters could found a party with a chance of obtaining at least one seat in the Reichstag. Under this electoral system it was almost impossible for one party to obtain a majority in the Reichstag.

Party was the disgust which the voters felt with the existing system which produced a situation in which it was well-nigh impossible for any party to obtain a majority of the votes and therefore to establish a firm government.

Shortly after the election, Hitler was received by Hindenburg. Hindenburg inquired the terms under which the National Socialists were willing to enter the government. Hitler is reported to have said that he would enter the government only on condition that he have the same power which Mussolini had after the march on Rome. The President refused Hitler's terms in a decidedly unceremonious manner. In later negotiations with von Papen, Hitler was offered the post of Reichskommissar for Prussia and the Vice-Chancellorship. He indignantly refused.

Germany waited with bated breath to see what Hitler would do. He had been flouted, and the real character of the von Papen government had been revealed to him. Apparently he could not hope to obtain a larger popular vote than in the last election when he had failed of a majority. Would he venture a *putsch*? He did not. The "beer hall *putsch*" in Munich in 1923 had spoiled his taste for this method of coming to power. As the weeks went on and nothing happened it began to look as though Hitler had been led into a *cul de sac*. His opponents of Right, Left and Center were jubilant. He was occupying a lost position, they said. What could he do? Every day which went by meant that the price which the von Papen government would be willing to pay for his support would be lowered. Since it had been demonstrated that he could not win a majority of the popular vote, his opponents claimed that the legend of the "ever-victorious" National Socialism had been shattered. Since Hitler had made his supreme bid for power and had failed, his supporters would begin to fall away from him.

Came the day when the new Reichstag met. On a motion of no-confidence the von Papen government was defeated by an overwhelming vote. Far from resigning, Chancellor von Papen had anticipated an adverse vote and had dissolved the Reichstag by means of a decree which he had obtained from Hindenburg in preparation for such an eventuality. Shortly thereafter new elections were called for November 6.

The period of this electoral campaign was one of discouragement within the National Socialist movement. The leaders knew that they were bound to lose a large number of votes in the coming election. Hitler said that it made no difference since he was still young and President von Hindenburg was very old. Eventually, National Socialism would triumph. But many of the followers of Hitler supported the movement for no other reason than that they hoped to obtain immediate results through its coming to power. Such as they had no stomach for a fight which might drag on for years.

Outside the Nazi movement there was unrestrained elation. During this period the writer discussed the political situation with industrialists, editors, bankers, political leaders, university professors, labor leaders, economists and others. Almost without exception they insisted that Hitler had missed his hour. The claim of Hitler for the power of Mussolini was mercilessly ridiculed. "One cannot bargain for the power of Mussolini. One must be a Mussolini to have the power!" Hitler had made a fearful mistake when he had not accepted the terms offered by Hindenburg and Papen. A well-known professor of political science said to the writer "I am certain that one can date the precipitous decline of the National Socialist Party from August, 1932." In spite of the fact that the writer had come to Germany in September, 1932, with the fixed belief that Hitler's coming to power was a virtual certainty, the fact that nowhere could there be found anyone outside the National Socialist

movement who would even entertain the possibility, finally shook this conviction.⁷

By contrast with the discouragement of the National Socialists all seemed to be going well with the von Papen government. The little group of conspirators who made it up had stood squarely in the path of Hitler's onswEEP, and he had apparently not dared to come to blows with them. During the first months of the von Papen government it succeeded in winning a large amount of public support and a wide degree of public tolerance. Naturally it was strongly supported by the Hugenberg Nationalists since the government seriously proposed measures which Hugenberg had indeed no doubt dreamed about, but which there had never seemed any real possibility of getting through the Reichstag. Likewise, the industrialists supported it strongly since it had had such phenomenal success in carrying out a bloodless *putsch*. It won a great deal of support from other classes as well. The Jews supported it because it seemed to offer the most certain protection to them against the Nazis. The liberals were friendly to it for like reasons.

Although the von Papen cabinet had counted upon being able to induce the National Socialists to accept minority representation in the cabinet, and although they were at first very much disappointed when they failed in this endeavour, their confidence began to increase enormously as the National Socialists made no attempt at armed resistance and as the cabinet appeared to win support from the public. As a result, von Papen and his cabinet associates began to believe that they could rule indefinitely, either entirely without the National Socialists or with such remnants of the party as would be left after its expected failure in the approaching election.

The non-reactionary classes which had rallied in surprisingly large numbers to the von Papen cabinet when they perceived that the government did not intend to turn

⁷ See the writer's article in *Current History*, February, 1933.

the power over to Hitler, concluded that the real mission of the von Papen government all along had been simply to bridge over a difficult period by preventing Hitler from seizing the power, that once this task had been accomplished the government would once more be turned over to the ordinary constitutional authorities, and that parliamentary government through the former political parties would be resumed.

The members of the von Papen government now began to make it abundantly clear that the liberals had been just as mistaken about the function of the government as had the National Socialists. The small group which had been responsible for forming the government had never had any intention of simply pulling the chestnuts out of the fire for any other party or group. Theirs had been the risk, and they proposed to take the profit. This is not to impute only common and sordid motives to the von Papen cabinet. The members of the von Papen group were determined that the risk which they had taken so successfully should have permanent results in Germany. They were convinced that the system of government which was in force when they came to power was inefficient, weak and vicious. They were determined that the power of the labor unions should be broken. They believed that the only way to restore prosperity was to lower still further the costs of production. Consequently, one of the basic points in the cabinet's program of "economic reconstruction" was to lower wages. The regular unions only protested against von Papen's policy of lowering wages but the Communists, and sometimes the Nazis, in the unions fought the wage reductions by a series of "wild" strikes which were often successful.

The von Papen cabinet had hoped to reform the constitution and to restore the old order of 1913 with the help of the National Socialists. Although that hope had failed they had now become convinced that they could accomplish this end through their own strength alone.

Von Papen, the Chancellor, and von Gayl, the Minister of the Interior, began to make speeches throughout the Reich, in which they made their purpose evident. Von Papen denounced the "welfare state" and decried the decline of individual initiative. He spoke of a "holy empire" and of constitutional reforms which would destroy party government and limit the power of the Reichstag while increasing the powers of the chancellor and the president. Von Gayl proposed the return of a system of multiple votes for certain individuals and also proposed raising the voting age—both with the evident purpose of increasing the advantage of the conservatives in elections.

Although the von Papen cabinet made several equivocal statements to the effect that the government did not intend at once to restore the monarchy, it became evident to any serious observer that if the von Papen government stayed in power a Hohenzollern restoration was only a question of time and probably of a very short time. It was also obvious that if the restoration of the monarchy should take place, it would be a more autocratic régime than that which existed immediately prior to the war. The monarchists would have reasoned that the political system which had existed prior to the war must have been too liberal and democratic, since it had been possible for the Social Democratic Party to develop an opposition to the monarchy which had eventually supplanted it. Consequently, it was their intention to see to it that the new constitution which they hoped finally to get adopted should not permit such a situation to develop again. They realized that it would be impossible to get such a constitution adopted at once, but they did hope to get a transitional constitution adopted which would facilitate the restoration of the monarchy and the eventual adoption of a constitution after their own hearts.

The monarchists realized quite well that even if their most sanguine expectations were fulfilled in the coming election they would still be far distant from even a simple

majority in the Reichstag, not to speak of the two-thirds majority which would be necessary for amending the Weimar Constitution or substituting another for it. Their intention apparently was, however, to bring about the necessary changes in the Constitution through the use of the extraordinary powers of the president given to him under Article 48 of the Weimar Constitution. In other words, they expected to carry out the incredible performance of emasculating the Weimar Constitution under the guise of the emergency power given by that Constitution to the president to take extraordinary power during an emergency when necessary to maintain public order and safety! It is true that they expected to get the Reichsrat to ratify the proposed changes in the Constitution, but this was accounted easy of attainment because the von Papen government expected to be able to cast the large bloc of votes of Prussia in the Reichsrat on the assumption that the government of Prussia, which had been appointed by the von Papen government under this same Article 48, would be allowed to appoint the Prussian delegates to the Reichsrat.

So long as neither the National Socialists nor the liberal republican parties had been quite sure of what the von Papen government intended to do, the success of this small band of aristocratic conspirators had been phenomenal. But now Fortune began to turn away from them. The Bavarian government, controlled as it was by the Catholic Bavarian Peoples' Party, became greatly alarmed at the progress of events. Bavaria began to fear that a commissarian government might be installed there also, since there seemed no bounds upon the use which could be made of this wonderful Article 48. The prospects of a not distant monarchist restoration filled the Bavarian monarchists with alarm, since they desired the return not of the Hohenzollerns but of the Wittelsbachs. All efforts of von Papen to appease the Bavarians proved unsuccessful, even though he made a thinly veiled pro-

posal that the Bavarians might restore the Wittelsbachs any time they liked, and it was even rumored that to the Bavarian crown there might be added the sovereignty of a Danubian confederation. The governments of Baden and of Württemberg joined that of Bavaria in expressing anxiety at the course of events.

The resentment of the National Socialists against the von Papen government was restrained for a surprisingly long time. They simply could not believe that they had been so coolly tricked. When, however, the realization of what had happened to them could not be put off any longer their fury knew no bounds. They fulminated against this government of the *Herren Klub*, this attempt of a "skin thin layer" to rule the German folk. The S. A. began to raid the campaign meetings of the Hugenberg Nationalists. The *Angriff* and the *Voelkischer Beobachter*^{*} vied with each other in denouncing the government. The von Papen government, moreover, did not quite dare to forbid these attacks on the government in the National Socialist press, as they did in the case of the Social Democratic and Communistic press. A rather comic note was added to the strife by the order of the National Socialist Party authorities which forbade any members of the Party to buy or read any of the papers or to attend any of the moving picture theatres of Hugenberg, the leader of the Nationalist Party. Members of the National Socialist Party were even ordered to persuade other Germans not to patronize these Hugenberg enterprises.

There can be no doubt that even the Social Democrats had felt a certain relief when the von Papen government had shown that it meant to stand squarely in the way of Hitler's advance to power. Consequently, for a time the opposition of the Social Democrats to von Papen had been more formal than real. But since it was now apparent

^{*} The *Voelkischer Beobachter* is the newspaper organ of the National Socialist Party for the Reich. The *Angriff* is the Berlin newspaper organ.

that von Papen meant to restore the old Prussian system, the Social Democrats became seriously alarmed and carried on an active and bitter campaign against the government in their press. The bitterness of the Social Democrats was increased as more and more Social Democratic governmental officials were dismissed and their places filled with conservative nationalists.

To add to the weight of the opposition to the von Papen government, which was now developing on every hand, the industrialists withdrew their active support of von Papen and began to exert their influence against him. In retrospect, it seems almost unbelievable that the industrialists should have chosen this time seriously to oppose the head of a conservative government. Now, after the triumph of the National Socialists, in the era of the Third Reich, almost everyone has forgotten the general attitude which prevailed toward the National Socialist movement during the late summer and autumn of 1932. That a small band of conspirators could have stopped the National Socialist movement dead in its tracks had been considered almost as impossible by people of all parties prior to the event, as it seems now in retrospect. But after it had actually been done without the National Socialists offering any armed resistance, German capitalists breathed again and soon began to say that it had been only a nightmare after all. They felt consequently that it was no longer necessary to support the von Papen government unless it showed itself willing to consider properly the interests of industry.

The von Papen government, on the other hand, had the interests of agriculture primarily at heart. This was true partially because the principal party support of the government came from the Hugenberg Nationalists who were largely an aristocratic agrarian party. But beyond this was the fact that the von Papen government thought of itself as the government which was to control German destinies for a long time, and in view of the really des-

perate economic situation was determined that a policy which would have some permanent effect upon the economic situation should be taken. The von Papen government believed that a fundamental step in this direction would be to secure the internal market almost exclusively for the benefit of German agriculture. Consequently, the policy of quotas was introduced in order to restrict the importation of agricultural products. The almost immediate result was that other countries began to retaliate against German products. German industry at once reacted and began to oppose the quota policy with all its force.

Not only did the industrialists oppose the von Papen government because of its foreign trade policy, but they began to view with great distrust von Papen's plans for constitutional "reform." German capitalists certainly had no objection to these reforms as such—indeed would have favored them, if they had appeared easily attainable. But German business men knew well that the von Papen government was not strong enough to push through such comprehensive changes without arousing opposition so strong and so determined as to make civil war a real possibility. German capitalism, like capitalism in all lands, feared internal disorder, because it interferes with business and jeopardizes profits even apart from more catastrophic possibilities. Consequently, German business men viewed the now disclosed ambitions of the von Papen government as thoroughly romantic and impractical. A German industrialist at this time said to the writer, "As a statesman von Papen is a brilliant cavalry officer. You can be sure he will not long be German Chancellor."

Nevertheless, during the electoral campaign which terminated November 6, 1932, German capitalists supported the von Papen government, secure in their confidence that after the election they would be able to obtain the changes in policy and in personnel which they considered necessary.

Not long before the election a new misfortune befell the von Papen government. The former coalition government in Prussia after its ejection from office by the commissarian government installed by von Papen, maintained that it was still the legal government of Prussia. The case was taken before the Supreme Court of the Reich at Leipzig, where after a long trial, a kind of judgment of Solomon, was rendered. On October 25, the court ruled that the commissarian government had the right to carry on the executive functions of government in Prussia, since the president of the Reich had presumably considered that this was necessary in order to preserve public order and safety. On the other hand, the *sovereignty* of Prussia still resided in the keeping of the former Social Democratic-Coalition government of Prussia, and as a consequence Prussia could be represented in the Reichsrat only by delegates appointed by this government.

As a consequence of this court decision there were now two Prussian governments, the one which exercised all the ordinary executive functions and another so-called "Shadow Government," which was allowed to keep for itself a tiny corner of the Prussian Ministry and cast Prussia's vote in the Reichsrat.⁹ Although the von Papen government hailed the decision as a triumph for the legality of their *coup d'état*, the decision nevertheless had touched the government in a vital spot, for it removed the last possibility of constitutional reform sanctioned by any already existing legislative body. Under the circumstances the von Papen government could not at this moment summon the courage completely to ignore the decision of the court. The von Papen government, consequently, entered the critical period of the electoral campaign handicapped by the fact that the path of con-

⁹ This "Shadow Government" came to an end February 6, 1933, when President von Hindenburg, under the authority of Article 48, signed a decree which simply over-rode the decision of the Supreme Court and swept the "Shadow Government" out of existence.

stitutional reform along the lines desired seemed hopelessly blocked.

The electoral campaign of the von Papen government was based upon an appeal to the voters to support the "presidential" cabinet which President von Hindenburg had summoned to office to protect the nation against the corruption and inefficiency of the political parties. Since there was no "presidential" party, however, the appeal to the voters meant only one thing—namely, that the voters were actually being exhorted to vote for the German Nationalist Party of Hugenberg, the only party of any size which was actively supporting von Papen, as the one party whose interests were above all other parties. There can be little doubt of the sincerity of the von Papen cabinet in this appeal, but its unbelievable naïveté will remain one of the curiosities in the history of politics. Serene in its belief that it was, indeed, above all parties, the von Papen government appealed to *Das Volk*,¹⁰ to support its program of a restoration of the old régime.

The fury of the National Socialists against the *Herren Klub* cabinet was matched by an increasing bitterness of the von Papen cabinet toward the National Socialist Party. Now that the tide had at last begun to run against the government von Papen turned with bitter wistfulness to his earlier expectation that he would manage somehow to induce the National Socialists to enter his government. He felt that he had been badly treated. Here was a truly national government which offered to lead *Das Volk* out of the wilderness back within the well-ordered confines of the old Prussian state, and the National Socialist Party instead of assisting him was stabbing him in the back!

✓ On the eve of this election there occurred the great communications strike in Berlin. This strike was the more interesting on account of the fact that it was led by the National Socialist and Communist labor organizations in

¹⁰ The term, *Das Volk*, is used by both the Nationalists and National Socialists in a peculiarly mystical sense.

defiance of the regular trade unions which were controlled by the Social Democrats. The strike was declared on account of a reduction in pay which had been ordered by the *B.V.G.*, the concern which operated the subways, busses and street cars of Berlin. For several days traffic was at a standstill. Busses and street cars which attempted to run were met with a shower of stones. The police fired on mobs in a number of cases, and National Socialists, Communists and the inevitable innocent bystanders were killed and wounded.

Those conservatives who had been supporting the National Socialists in the belief that National Socialism meant the end of labor unions and strikes and the delivery of the laborers to the mercies of the employer received a rude shock. On the other hand, the strike was very valuable to the National Socialists in holding their proletarian followers in Berlin in line, since it convinced them of the fundamental militancy of the National Socialist labor organizations.

The leadership of the Party tried to avoid a positive stand in the matter. The news in regard to National Socialist participation in the strike was usually placed in an inconspicuous place in the *Angriff*. Soon after the election the strike petered out with the Communists and Nazis accusing each other of "betraying the workers." This strike and several other cases of temporary Nazi-Communist co-operation in "wild" strikes aided in bringing the regular unions into greater contempt among the proletariat.

Rarely did an election take place amid such a welter of fears and hatreds. The National Socialists hated the Communists, the Social Democrats and the Hugenberg Nationalists. The Communists hated the National Socialists, the Hugenberg Nationalists and the Social Democrats. The Social Democrats feared the National Socialists, the Communists and the Hugenberg Nationalists. The Hugenberg Nationalists hated the Communists,

despised the Social Democrats and feared the National Socialists. The other parties, the Centrists, the Peoples' Party, the State Party and the "splinter" parties, shared in lesser degree these hates, fears and contempts.

The results of the election of November were received with mixed feelings. Except for the National Socialist press the newspapers were all agreed that the National Socialists had suffered shattering losses. It was repeated over and over again that any loss was a serious loss to the Nazis who had thrived on the legend of invincibility and inevitability and they had now lost two million of their former fourteen million votes. Closer analysis did not support the conclusions of the press, however. In the first place, it must be said that the opponents of the National Socialists had prophesied losses ranging from twenty-five per cent to as high as fifty per cent. Actually the decrease in the National Socialist vote, after allowance for the reduction in the total vote cast, was only about eleven per cent.

Profound dissatisfaction with the then existing economic system was certainly reflected by the distribution of the vote. The avowedly socialist parties, Communist, Social Democratic and National Socialist, received seventy per cent of the total popular vote. This by no means proved that socialism was imminent in Germany, since the socialist parties were mutually so hostile, but it was a measure of the emotional reaction of the people toward the existing conditions.

The Communist Party increased its vote by about twenty per cent. It also became the largest party in Berlin. This gain was achieved in spite of the surprising degree of success which the Nazis had in holding their proletarian members in Berlin in line. The Nazi loss to the Communists was relatively small. The greater part of the voters within the National Socialist movement who regarded it as essentially nationalistic and conservative, went over to the Hugenberg Nationalists, who were sup-

porting von Papen. It was natural that this should be so, since his government offered everything for which a nationalist could possibly hope. Since the National Socialist movement owed its mass strength to economic discontent and since the causes for this discontent had not essentially been altered, the movement still contained one-third of the German voters, even after the loss of its conservative nationalist members.

The opponents of the National Socialists made the most of the relatively meager losses of the party. The von Papen government loudly claimed the election as a triumph and declared that the people had now unquestionably sanctioned the whole policy of the "presidential" cabinet. In retrospect this seems somewhat optimistic, in view of the fact that all the parties which supported the government together received only some thirteen per cent of the total vote, even including the votes of the industrialist Peoples' Party, which was of doubtful loyalty to von Papen personally. However, the von Papen government congratulated itself upon the fact that, as a result of the elections, it was no longer possible for the National Socialists to construct a coalition with the Centrist Party against the cabinet. Consequently, it was argued that the "constitutional" position of the cabinet had been greatly strengthened, since no positive majority could be obtained for any other cabinet in the Reichstag. It was true that the Communists and National Socialists would probably vote against the cabinet, and together they controlled a majority of the votes in the Reichstag. But since it was unthinkable that the Communists and National Socialists would form a coalition government, it still remained logical to say that only a presidential cabinet was possible under the circumstances.

The majority of the industrialists had now decided, however, that the time had come to replace the von Papen cabinet. They had not been at all impressed by the meager degree of support which the cabinet had suc-

ceeded in attracting among the electorate. They consequently withdrew their support from von Papen and began to combat strongly the foreign trade policy of the von Papen government. Under these circumstances von Papen presented the resignation of his cabinet to von Hindenburg.

The motive for the resignation of von Papen is not clear. It later became apparent that he was deeply humiliated by the fact that his resignation was finally accepted by Hindenburg. It appears that he had expected only a dramatic reiteration of presidential confidence.

After the resignation of von Papen, a tremendous effort was once more made to bring Hitler into the government, but under conditions which were designed to prevent the National Socialists from obtaining any real power. Hitler was now offered the Chancellorship, but he could not possibly have accepted it unless he had been purely an office seeker without any concern for the principles of the movement which he led—and this Hitler was not. In brief, the terms under which he was offered the Chancellorship were:

1. That he secure a working majority in the Reichstag for the government which he would head.
2. That he submit a satisfactory economic program to President von Hindenburg for his approval. In reality this amounted to agreeing that none of the "radical" economic principles of the National Socialists were to be put into practice.
3. That the president of the Reich be allowed to name the minister of war and the minister of foreign affairs.
4. That the president should have the right to pass upon the names of all the cabinet members.

The new conditions were submitted to Hitler in an interview with Hindenburg, but he refused to give an immediate answer, saying that he must consult with the other leaders of the movement. After a long and acrimonious argument in Party headquarters at the Hotel

Kaiserhof, between the group in the Party who favored immediate participation in the government and those who did not, an answer was finally drawn up and submitted to President von Hindenburg, on November 23. In this answer Hitler quite justly pointed out that if he could obtain a working majority in the Reichstag for a government which he headed, there was no reason why he should be required to give special undertakings and to allow the President to name certain of the cabinet members. Under such conditions it would be impossible to obtain a working majority in the Reichstag. Hitler proposed, instead, that he should be appointed as the head of a presidential cabinet, which would, however, have a much greater support in the Reichstag than had had the cabinet of von Papen. If the President would appoint him as the head of a presidential cabinet he was prepared to accept in essence the rest of the conditions.

President von Hindenburg refused to accept the counter proposal of Hitler and the crisis dragged on. It is obvious now that Hitler had been wise in refusing the original terms of the offer to him, and it is just as obvious that it would have been unfortunate for him if his counter proposal had been accepted, for he was able later to obtain terms which assured him all power when he did at last form a government on January 30, 1933.

During the long, drawn-out cabinet crisis from November 18 to December 2, von Papen continued as acting Chancellor. The endless wire-pulling around the person of von Hindenburg by the enemies and friends of von Papen gave rise to countless rumors. After the failure to bring Hitler into the cabinet it soon became evident that the industrialists were supporting the candidacy of von Schleicher for the Chancellorship, while the Junkers were supporting von Papen. Thus the issue was sharply drawn between the two leading personalities of the *Herrn Klub* cabinet and between their supporters.

As the strife behind the scenes developed it became

apparent that the backers of von Schleicher desired a compromise cabinet which should rule with dictatorial powers, but which would attempt to conciliate the trade unions and even the Social Democrats, while abstaining from any attempt at immediate constitutional reform. It was hoped that the fact that von Schleicher was an army officer with the unquestioned support of the Reichswehr, would rally to his support those elements who were interested above all else in public order and safety. Von Schleicher favored a foreign trade policy, which was more in line with that desired by the industrialists, as was shown by the fact that after he came into office the policy of quotas was generally abandoned.

On the other hand, those who favored a cabinet led by von Papen represented the policy of the authoritative government without compromise with trade unions, Social Democrats, or the industrialists who were interested in foreign markets. A von Papen cabinet would have meant an agrarian, Junker, no-compromise cabinet. This contrast between a potential von Schleicher cabinet and a von Papen cabinet was generally recognized.

For days, the morning newspapers would report that a von Schleicher cabinet was a certainty while the mid-day papers would declare that decision had fallen in favor of von Papen, only to be followed by a report in the evening papers that a von Schleicher cabinet had at last been decided upon. This period of uncertainty greatly undermined the prestige of the "presidential cabinet" theory, since it became apparent that in the history of party politics could hardly be found any example to match the intrigue which was being carried on around the person of the president of the Reich.

After this long period of uncertainty it appeared that the decision had finally been made and that the von Papen cabinet was again to be intrusted with the government. At the last moment, however, after both the industrialists and the trade union leaders had expressed to Presi-

dent von Hindenburg their distrust of the re-appointment of von Papen as Chancellor, the selection actually fell upon von Schleicher. It was reported that several of von Papen's cabinet associates informed the President that they were not willing to continue longer in a von Papen cabinet, and that this statement had the effect of finally tipping the scales against von Papen and in favor of von Schleicher.

The personal history of von Schleicher shows that he was only a military politician, who possessed the peculiar ability to advance through the ruin of his immediate superior. His cleverness consisted in the fact that he nevertheless enjoyed the confidence of his new superior till the moment when he too, was to be overturned. Von Hindenburg, however, came to distrust him personally.

It is by no means certain that von Schleicher was anxious to have the Chancellorship at this time. It is quite likely that he rightly feared that his hour had come too soon. It had come to be his ambition to hold the Chancellorship at the moment when Hindenburg should no longer be President. As a result of his accepting the Chancellorship, von Papen turned bitterly against him. The National Socialists who previously had restrained their attacks upon him in the hope that he might yet be won over to a National Socialist government, now also turned the full force of their attack upon him.

Nevertheless, the press and the Bourse received the news of the formation of the von Schleicher government with great satisfaction. The new Chancellor delivered his maiden speech to the public over the radio. He asserted that he was neither a capitalist nor a socialist, but was a socially minded general. He repudiated sharply the intimation that he had any idea of setting up a dictatorship, but sternly warned the Communists that any disorders which they might instigate would be met with the most severe measures. The General said that he had no intention of carrying out any plan of constitutional

reform, but instead conceived the pressing problem was to create employment, and to this end he intended to devote all his energies. The speech had a most favorable reception after the severe lectures from von Papen, to which the public had become accustomed. Momentarily, all Germany breathed easier. The "strong man," perhaps eventually "the man on horseback," had stepped from behind the scenes and taken over the power. A perfect rash of books and articles about the great man broke out in the book shops and in the street kiosks. Abroad, also, it was concluded that the German government was now in strong hands and that the Hitler movement could be forgotten.

Von Schleicher took over the old von Papen cabinet with relatively little change. He appointed, however, a new commissar of cabinet rank as commissioner for creating employment. The new Commissar, Gereke, had been devoting a great deal of time prior to taking over his new office to propagating the so-called "Gereke Plan" for relieving unemployment. This plan amounted, in essence, to a combination of inflation and public works. It had been opposed strenuously by Luther, the president of the Reichsbank, and other opponents of inflation. Now that Gereke had received his new appointment, the battle with Luther was resumed. Gereke wished the Reich to loan funds to the municipalities, without interest, to be used in constructing public works. A compromise was reached by means of which the funds were loaned at an extremely low rate of interest, although in an amount much smaller than Gereke had hoped for. The public waited without very keen anticipation to see what the results of this latest device for curing unemployment would be.

From the time when von Schleicher had laid his plans to bring about the fall of Brüning, he had apparently hoped and expected to be able eventually to bring the National Socialists into the government, just as Brüning

had so hoped in his day. Von Schleicher knew that no government in which the National Socialists participated would be safe for the other party or parties of the coalition, unless he were in it. He knew that so long as he held the Reichswehr he could be the arbiter between the National Socialists and any other party or parties which participated in a coalition government. He was conscious, however, that his position was certainly insecure so long as he had only the Reichswehr to rely upon. To this extent his cabinet was weaker, even, than the von Papen cabinet had been, for it soon developed that the Hugenberg Nationalists were only tolerating his cabinet. At the critical moment, even, they were to go into opposition.

The inherent weakness of this compromise cabinet, headed by the "strong man," developed with incredible rapidity. The Social Democratic Party and the trade unions vastly preferred von Schleicher to von Papen. He had completely given up the von Papen plan for lowering wages. He had made it apparent that he did not intend to restore the constitutional system of the previous century. He was the only real protection which stood between the Social Democrats and Hitler. Nevertheless, they found it impossible openly to support him. The Social Democrats were professedly democrats and constitutionalists. Consequently, they could not bring themselves to vote for a government which would necessarily have to rule without majority support in the Reichstag. Furthermore, von Schleicher tried to conciliate the Junkers and in so doing continued the von Papen policy of removing Social Democrats from government offices and filling these posts with conservative nationalists. The Social Democrats continually admonished the von Schleicher government against this procedure. They also lost no opportunity of solemnly warning him against any attempt at trying to rule without summoning the Reichstag. Their position was hopelessly ridiculous, since they had no effective threat which they could use, while on the

other hand they would not promise von Schleicher their active support if he agreed to co-operate with them.

Von Schleicher did succeed in keeping to the last the support of the eleven Reichstag deputies of the industrialists' Peoples' Party. In order to keep their good will he had given up von Papen's policy of sharply restricting imports by means of quotas. It is true that he substituted high tariffs for the quotas, but the industrialists were reasonable men who knew that one could not have everything.

He had lost no time in trying to induce the National Socialist Party to enter the cabinet. After the losses of the National Socialists in the Reichstag elections of November, German "Big Business" decided that the immediate danger now was that the National Socialist Party might disintegrate too rapidly. There was some fear that too many of the disillusioned Nazis might join the Communists. Above and beyond this, however, was the feeling that it was a shame that a great national party should have been built up and should go to pieces without the conservative nationalists being able to "cash in" on the national sentiment which had been aroused. The Junkers felt this even more deeply than did the industrialists. Consequently, there began to develop a gigantic series of intrigues.

✓ Hitler was once more asked to come to Berlin and to confer with von Schleicher as to the terms on which the National Socialists would be willing to enter the von Schleicher cabinet. His arrival was awaited with great attention. Now occurred a mysterious incident. Hitler never arrived in Berlin at all. Instead, he next appeared at Weimar at a Party conference. The opposition press published a circumstantial account of what is supposed to have happened.

The conflict within the National Socialist Party as to whether or not the Party should participate in a coalition government and upon what terms, now came to a head.

Gregor Strasser headed the faction which favored participation in the von Schleicher government. He was supported by Gottfried Feder, the author of the official Party program, and to some extent by Frick. Ranged against him were Göring, the former war ace, whose influence with the S. A. and S. S. was very great, and Goebbels, the Berlin leader of the Party and editor of the *Angriff*. Strasser, so it was said, had induced Hitler once more to agree to negotiate with respect to National Socialist participation in the government. When Göring and Goebbels heard that Hitler had left for Berlin, according to the circumstantial account, they at once started by automobile to meet the train which was carrying Hitler from Munich to Berlin. They met the train long before it arrived in Berlin, roused Hitler out of his berth and hurried him to the waiting automobile, telling him that they had vital information which he should know before going to Berlin.

It is possible that this information was that Strasser had been negotiating with von Schleicher on his own. At any rate, Hitler was induced not to proceed. In the light of later events there can be no doubt that this decision was a wise one.

Von Schleicher, disappointed in his hope of securing the support of the entire Party, now continued his intrigue with Gregor Strasser. Strasser was offered a place in the cabinet if he would bring with him to the support of the government a considerable block of National Socialist votes in the Reichstag. The scheme misfired, however, owing mainly to the too long continued negotiations and the over-caution of both parties to the intrigue. Von Schleicher, remembering the previous experience of Brüning with Treviranus, would not take Strasser into the cabinet without the firm assurance that his support in the Reichstag would actually materialize. Strasser, on his side, was afraid to break conclusively with Hitler, at least until he was sure of a seat in the cabinet.

Hitler became possessed in some way of the correspondence between von Schleicher and Strasser. He called a meeting of the National Socialist fraction of the Reichstag and read a list of some thirty members whom Strasser had told von Schleicher he could count upon to follow him in supporting the government. Taken by surprise at this public exposure of the intrigue, every one of the thirty in turn denied having contemplated such treachery to the head of the Party. After an interchange of letters Strasser was sent on "furlough" and soon thereafter was stripped of his Party offices. A few other members of the Party expressed sympathy with Strasser, among them Feder. They suffered eclipse along with Strasser.

This conflict within the Party, to a certain extent also represented a difference in point of view between those who were more socialist and those who were more nationalist. Both Strasser and Feder favored a program which had certain points of similarity with Marxian Socialism, although it differed from Marxian Socialism fundamentally in the insistence upon nationalism rather than internationalism. The eclipse of Strasser and Feder made it easier at the critical moment to obtain the positive support of the Junkers and the capitalists of the Rhenish-Westphalian heavy industry group in overthrowing the von Schleicher government and setting up the National Socialist-Hugenberg Nationalist government, which was to usher in the Third Reich. Nevertheless, the movement to the right was not of such a fundamental nature as was at the time generally believed. It is possible that the conservatives were allowed to deceive themselves and that this incident may serve once more to illustrate the skill which Hitler undoubtedly possessed in actually turning to his account what appeared at the time a most unfavorable development.

Never, however, had the fortunes of the Party appeared to be at such a low ebb as now, when the forces of the opposition which had been keeping the National So-

cialists out of office had begun to carry on a controversy as to whether the Party should be used by them for their purposes in its entirety or after it had been broken up into smaller lumps. It is some measure of Hitler's claim to greatness that he managed to hold the Party together under these disheartening circumstances.

There was now played the final scene of the last act of the Republic of Weimar. The scene began January 4th with a meeting between von Papen and Hitler in Cologne. Although an attempt was made to keep the meeting a secret, the news of it leaked out and caused great excitement. The Republican press did not fail to call attention to the apparent anomaly of this meeting between two men who only two months before had been engaged in acrimonious struggle for power. Various contradictory reports were issued by both parties to the conference, but whatever the agenda may have been, it was immediately after this meeting that the hitherto apparently waning fortunes of the Party began once more to revive.

The motives which dominated von Papen during these maneuvers will doubtless always remain obscure. Perhaps the outstanding characteristic of the man was his colossal vanity, which made his disappearance from the public eye intolerable. Certainly the itch of ambition which had been enormously excited by his six months as chancellor played its part. Personal pique against von Schleicher who, he believed, had planned his overthrow, was also a factor of importance. No doubt von Papen sincerely believed that the National Socialists must be brought into the government at all costs if German national unity was to be attained. Most important of all, von Papen had made the fatal discovery that the power in the Reich belonged to anyone who could control the Reichswehr and the police. For six months he had managed to control both. Why not again? The *coup d'état* by which he had seized power in Prussia had seemed a great risk the previous summer. But neither the Marxist parties nor the National Socialist

Party had resisted. Apparently, a clever and audacious man could accomplish anything. He dreamed of a cabinet for which the National Socialists would furnish the mass support, but for which he would furnish the policies. Once again his picture would be in all the papers, and he would be the center of all attention as the man who saved the Fatherland by cleverness and audacity.

There remained only the question of how hard a bargain he could afford to drive with the National Socialists. Perhaps he hoped that Hitler, chastened by hopes frustrated, would accept the Vice-Chancellorship for himself and a harmless cabinet post or two for his followers. One might create, for example, a ministry of propaganda, which could be adorned by one of the Nazi leaders. Of course, the ministries which controlled the economic policies of the nation, such as the ministry of economics and the ministry of agriculture, must remain in safe hands. So, also, the foreign ministry and the Reichswehr ministry. The ministry of the interior for Prussia must be reserved also, for this meant the Berlin police. So the negotiations went on.

The line between cleverness and silliness is sometimes vague. There now occurred an incident which all the opponents of the National Socialists declared was indicative of the supreme silliness of the Nazis. An election was to take place in the tiny state of Lippe. Lippe had just 118,000 registered voters. Yet the National Socialists declared that they expected to use this election in Lippe as a thermometer to measure the sentiment for the Nationalist Socialist Party in the whole Reich. To this end, the entire propaganda machine of the Party was concentrated upon this tiny area. All the important leaders of the Party participated in the most intensive political campaign which probably had ever been fought in all Germany. Every tiny hamlet and farmhouse was visited. No effort was spared to reach every individual voter and to see that he had the opportunity to hear and even to

shake hands with one of the great leaders of the Party. Now all this was no doubt a great deal like holding a match under the thermometer, but it was nevertheless effective. The increase in votes over the number received by the Party's candidates in the last Reichstag elections was to have tremendous consequences.

It is a curious circumstance that the opponents of National Socialism were as alarmed by the by no means overwhelming victory of Hitler in this tiny land as the National Socialists were elated. With the possible exception of the Communists, the opposition parties and classes had been living in a fool's paradise. It is perfectly incredible, but it is perfectly true that up to the time of this Lippe election "responsible opinion" was unanimous that the process of disintegration in the National Socialist Party was progressing at an accelerated pace. "Responsible opinion" considered the von Schleicher cabinet much stronger than that of von Papen, which had succeeded in keeping the National Socialists out of power without provoking any resistance. It is true that the National Socialist press kept declaring that von Schleicher "had failed" and that his days were numbered. But no one had taken this seriously at the time. Now came this bit of evidence which indicated that the supposed process of disintegration was not taking place. Although the opposition press belittled the Nazi success, a note of panic began to appear.

It is worth noting that the precarious position of von Schleicher was not occasioned by any pronounced deterioration of the economic situation. There was about six million officially registered unemployed at the middle of January, 1933, which was about the same number as at the same date a year previous. The number of unregistered unemployed was undoubtedly higher than in the preceding year, yet at least it was certain that the rate of increase in unemployment had greatly slowed up, if it had not quite come to a halt. Industrial production had increased from about one-half of the 1929 level in

August, 1932, to over sixty per cent of the 1929 level in December, 1932. The price of both stocks and bonds had advanced materially above their low points of the previous year.

On the other hand, there had been no appreciable improvement in the living conditions of the proletariat or of the middle classes. The price of dairy and poultry products had gone lower, and the peasants were more dissatisfied than ever. The masses of the population were not interested in statistics of the rate of industrial production nor in stock and bond prices. They only knew that times had not improved for them, nor had they any hope of better times. They had waited too long and been too often disappointed.

During the last month before the end of parliamentarianism in Germany a continuous struggle was waged over the date at which the Reichstag was to meet. The von Schleicher government realized that it could not avoid a vote of no-confidence if the Reichstag were to meet and to stay in session. On January 12, von Schleicher had broken with the powerful agricultural *Landbund*, so that even the support of the Nationalist Party had become openly doubtful.

Von Schleicher hoped that the Reichstag could be induced to adjourn for several months and that in the meantime his "program" for creating employment through public works would begin to show results. At least this was the official position of the cabinet. Actually, less was hoped from this public works program than from an economic upturn resulting from "natural causes." It must be noted here that this represented the whole program and philosophy of capitalistic, liberal and parliamentary Germany—to wait until things somehow got better. It was the "program" of the Social Democrats as well. It was assumed that since economic crises in the past had been succeeded by periods of prosperity, the same order of events was bound to occur in the future. Consequently,

the political game was to try to get in power at the moment when the economic upturn was bound to occur. It was pointed out that the decline in business activity had come to a halt in September. Now the tide was bound to turn. If it occurred, the party or parties in power would get the credit for it. Since the depression had lasted so long it was unanimously believed by all "responsible" people that if the cabinet could succeed in getting a few months respite from a vote of no-confidence it was bound to be a political success.

The Communists, of course, were opposed to any and all governments and could always be counted upon for a negative vote. The Social Democrats were in a most uncomfortable position. They felt themselves bound to vote against the dictatorial government of von Schleicher. Furthermore, their competition with the Communists for the proletarian vote made it absolutely inevitable for them as politicians that they should do so. God knows what they expected in the way of a government after von Schleicher should have been defeated. One can only surmise that they were so obsessed with the idea that the National Socialist movement was disintegrating that they expected a return of the old system of coalition between themselves and the bourgeois parties.

The National Socialists, on the other hand, wished neither an immediate vote in the Reichstag nor were they willing to have the Reichstag adjourned for a considerable period. A vote of no-confidence for the von Schleicher cabinet would have meant a new general election. For this they had neither the inclination nor the financial resources. On the other hand, they were not willing quietly to wait and to allow von Schleicher to benefit gratuitously by an improvement in economic conjuncture. They did not believe that the improvement was going to occur, but they did not wish to take any chances. They did need, however, a period of a few weeks in which to maneuver. All during this period the most feverish negotiations were

going on behind the scenes between the reactionary nationalists and the National Socialists. The reactionaries were represented by von Papen for the Rhineland heavy industries, Seldte for the *Stahlhelm*, and Hugenberg for the Nationalist Party, which was the party of the reactionary agrarians. Until the negotiations were complete a vote of no-confidence was to be avoided.

Since von Schleicher was well aware of the intrigue which was being carried on against him, he insisted that the Reichstag should either adjourn for some months or that an immediate vote should take place. Due to resentment against the Junkers who were intriguing against him, von Schleicher did not oppose the Reichstag probe of the *Osthilfe* scandal. The Hugenberg Nationalists were furious and redoubled their activities against him. Apparently he, nevertheless, retained his confidence that he would be able to get a decree of dissolution from von Hindenburg in case of a vote of no-confidence from the Reichstag, just as von Papen had done in a similar situation. The fateful day approached when the Reichstag was to meet. On January 28, von Schleicher requested the decree of dissolution in order to have it in readiness to use if the occasion arose. The decree was refused by von Hindenburg, and the end had come for von Schleicher.

The question which at once arises is, Why did the dictator von Schleicher resign? Why did he not retain power by force of arms? If von Papen, in July, 1932, relying upon von Schleicher's Reichswehr, could seize the government of Prussia and hold both Prussia and the Reich against all comers, why could not von Schleicher have done the like for himself in January, 1933? The answer is—von Hindenburg. During the previous summer von Papen had had the full support of von Hindenburg and his immense prestige. Now that support was refused von Schleicher and given to the government, which was to suc-

ceed his. It was von Hindenburg, elected President by the votes of the combined opponents of National Socialism, who made it possible for these same National Socialists to come to power without ever a blow struck in defence of the Republic of Weimar.

Could von Schleicher have held the power if Hindenburg had continued to support him? Yes, if he could have avoided a general strike by the trade unions and if the economic situation had shown marked improvement in the near future. During his tenure of office, men still talked of "holding out till spring." But even if von Schleicher could have held out till spring, supported by the bayonets of the Reichswehr, his government could hardly have lasted without a permanent improvement in economic conditions. The German people were in no mood to be placated by a "spring revival of trade." They were in a mood for positive action such as was offered them only by the Communists and National Socialists. Communism was an unacceptable alternative, and it was therefore National Socialism which was embraced. It might have been that if von Schleicher could have held on for a few months, the National Socialist Party would have split into several warring camps and never have come to power. But in that event, if the economic depression had continued, some sort of social and political explosion would nevertheless have been almost inevitable. There was no immediate danger whatever from Communism at the moment when National Socialism came to power. But if the depression had continued and if the National Socialist Party had disintegrated, Communism might then have had its chance.

No doubt the disappointment of von Schleicher at the turn of events had taken was crushing. All the years of scheming and of maneuvering, of shaping the Reichswehr into a weapon which fitted only his hand, had been in vain. No doubt the situation was affected by the fact that von Schleicher was not a well man. It is barely possible

that if he had been in full physical vigor he would have attempted a *coup d'état*.

Assuredly, the Hugenburg Nationalists and the National Socialists feared that von Schleicher would not surrender without a blow. During the night of January 29, wild rumors were circulated that the Potsdam garrison had been made ready to march on Berlin. Although the facts seem to be that there was only the most shadowy foundation for these rumors, yet they did have important results. It is generally understood that negotiations between the reactionary nationalists and the National Socialists had proved unsuccessful. Hitler had once more refused the terms which had been offered to induce him to accept participation in the cabinet. Now came the rumors of the Potsdam garrison's threatened march. It is possible that these rumors were deliberately fostered by the reactionary nationalists in order to stampede the National Socialists into a coalition cabinet. If so, they were later to ruminate upon the penalties of being too clever. Nevertheless, the desired result occurred. A coalition cabinet headed by Hitler was formed, and the day of the Third Reich had dawned.

The republican parties can find no excuse for their failure to defend the Republic in the conduct of von Hindenburg. He had never pretended to be a republican. His oath to defend the Constitution he no doubt interpreted as an oath to serve the highest interests of the German nation. The situation had developed to a point where a government by republican parties which would not fight was an impossibility. The choice which he had was between the dictatorship of von Schleicher and the dictatorship of the National Socialists. In making this choice he was no doubt very greatly influenced by the small inner circle who had contact with him. At his age it was impossible for him to maintain a broad contact with the situation. Nor was it possible for him to assume active control of events. His physical and mental vigor was

miraculous, considering his age. He was, nevertheless, a very old man. His old Junker neighbors from East Prussia, his son and adjutant, Colonel Oscar von Hindenburg, his secretary, Meissner, these men he relied upon during the critical hours. They had induced him to appoint von Papen. Some of them later induced him to accept the resignation of von Papen and to appoint von Schleicher. Now they told him that another combination must be tried out. No doubt they convinced him that the terms by which the National Socialists entered the cabinet were such as to bind them effectively against securing full power. They won his consent to the formation of the coalition government headed by Hitler. This was the end of the power of this small clique however. Henceforward they were only hostages in the hands of men of violence who were now in a position to regard their petty intrigues with contempt.

As one surveys the series of events from the fall of the Brüning cabinet to the appointment of Hitler as Chancellor, one is compelled to admire Hitler's brilliant strategy and to recognize that here is genius. This is not to say that Hitler planned the series of events which occurred. Quite the contrary. For again and again unexpected developments occurred over which he had no control whatever. The quality of his mind is reflected in this very circumstance, for he was compelled to make decisions under pressure at repeated crises, when an error in judgment would have meant the end of his dream of the Third Reich. Even when he was outwitted, as he was outwitted by the group which engineered the formation of the von Papen government, he possessed the resources both of intelligence and self-confidence to find the way out of what then seemed to be a hopeless *cul de sac*.

Both "public opinion" and "responsible" judgment always agreed that in each crisis Hitler had made the fatal error in judgment. The circumstance that after each "fatal" error there always arose an opportunity for still

another fatal decision seemed only the whim of Fortune. It was always agreed, each time that the National Socialists were offered a place in the government, that Hitler should have accepted the offer.

It is a proof of Hitler's steadfastness that he did not, during each succeeding crisis, seek to save what he could from the apparent wreck by accepting some sort of cabinet post at the sacrifice of his own and his Party's claim to sole power in the Reich. For it cannot be too strongly reiterated that as late as a month before Hitler became Chancellor, his cause was still accounted hopelessly lost by responsible opinion. Even in December, 1932, when the writer discussed the political and economic situation with German business men, they always considered it useless nonsense to discuss what the economic policies of the National Socialist Party would be if it came to power. "Historical curiosity" and "the German Boulanger" were some of the terms applied to Hitler at this time. It was astonishing how two months later these same men were to insist publicly that he was a "real statesman," as they shivered in anticipation of his next move on the economic front. But until he was securely in power they were all agreed that he had a biological aversion to the acceptance of responsibility, that his favorite rôle was that of the "drummer" who roused the mob, that his terms for entering the cabinet were so severe because he hoped thus to put off the day when he must abandon his "drumming" and make decisions. Events were to prove that this touchstone of Hitler's policy, of never accepting responsibility without the possibility of complete power, was the bed-rock upon which his final triumph was built. The writer has had no experience more interesting than observing this judgment of a personality before and after the achievement of power.

CHAPTER V

NATIONAL SOCIALISM COMES TO POWER

THE foremost question in all minds after the announcement of the formation of the Hitler cabinet was, "Does this mean that the Third Reich is now in existence?" Many people thought at first that this was only a temporary cabinet which was bound to fall apart at the moment it became necessary to make any important decision. Regardless of their opinion as to its permanency, it was generally believed that Hitler had been induced to accept a balance of power in the cabinet which would make it impossible for him to carry out any of the "radical" points in the National Socialist program. It was pointed out that there were only three National Socialists in the cabinet, that the important posts of the Ministry of Agriculture and the Ministry of Economics in the Reich, plus the corresponding posts in the Prussian government, had been bestowed upon the ultra-conservative chief of the Nationalists, Hugenberg. It was furthermore pointed out that the Ministry of Foreign Affairs remained in the hands of von Neurath, that von Papen was the new Commissar for Prussia, that the Reichswehr Ministry was given to von Blomberg, who was not a Nazi, and that the conservative Stahlhelm veterans' organization was represented by its chief, Seldte, as Minister of Labor.

The bargain which they drove must have appeared in just this light to the conservative-nationalist participants in the coalition. At last the difficult task of winning the National Socialists to the support of a nationalist cabinet had been achieved, under circumstances which gave ample guarantees against any unsound schemes of the National

Socialists coming to fruition! How false this comfortable belief of the Nationalists was, few fully realized but Hitler. If anyone doubts the political acumen of Hitler, he has only to study the early months of his chancellorship to find a classic model for the conquest of political power.

Actually, Hitler had held out for the barest minimum which assured him complete power without the necessity for civil war. His bargain with the Hugenberg-von Papen-Seldte group was the perfect bargain, because he obtained all that was necessary while allowing the other party to the bargain to believe that once again they had outwitted him. By his bargain he had obtained the immense prestige which accompanied the post of Chancellor. Henceforth he was able to make all opposition to him appear disloyalty to the German people. He knew that this was not enough. He obtained for Frick the post of Minister of the Interior for the Reich and for Göring the all-important position of Minister of the Interior for Prussia, which carried with it the control of the second most important body of armed and trained men in Germany, the Prussian police. Finally, he obtained the appointment of von Blomberg as Reichswehr Minister. This appointment did not give Hitler absolute command over the Reichswehr, it is true, for Blomberg was not a National Socialist. He was sympathetic with them, however, and was so closely connected with the Party by personal ties that he could be counted upon not to use his position against Hitler. Furthermore, the new Minister began at once the process of the removal of von Schleicher's henchmen from the Reichswehr. The Nationalists in the cabinet did not object to this at all, for they disliked and feared von Schleicher. The result was that the old personal "machine" of von Schleicher which had had absolute control over the Reichswehr received its death blow. Officers with careers to consider now realized that their professional future no longer depended

upon von Schleicher but upon Hitler. At once the process of the winning of the Reichswehr to National Socialism was well under way.

Hitler had completely grasped the fact that the control of the police could give him the absolute control of the Reich if the army could at least be neutralized so that it could not be used against him. He had accomplished something more than the neutralization of the Reichswehr, and he had succeeded in having the police delivered completely into his hands. Without delay the process of making the police absolutely sure was carried out. Such Social Democrats as had not been dismissed by von Papen or von Schleicher were now turned out of their positions in the police force. Even Nationalists were in some cases removed to make places for trusted National Socialists. Later the S. A. and S. S. troops of the National Socialists were to be introduced into the police forces as "Police Assistants," but at first this step was avoided. Any of the governors of the provinces whose loyalty could be questioned were also removed.¹

Events were later to show unmistakably that the relinquishment of the posts of economic importance in the cabinet of Hugenberg did not mean that Hitler had abandoned his economic philosophy. As a matter of fact turning over these posts to Hugenberg for the moment involved no sacrifice at all. In the first place, Hugenberg was such a violent champion of protection for agriculture

¹ This included even Noske, the former Social Democratic Reichswehr minister, who, as a reward for his services as "bloodhound" in putting down the Spartacist uprising in 1919, had managed to hold his position through successive régimes, even including those of von Papen and von Schleicher. In a speech shortly after the removal of Noske, Hitler told of Göring's removal of a certain provincial governor from his position. The governor had begged to be allowed to hold his post for a few months longer, at which time he would be eligible for retirement on the normal pension. When Göring refused, the governor asked that at least his moving expenses be paid! Hitler did not mention Noske's name, but his audience knew well to whom he was referring. The incident illustrates the contempt which the National Socialists felt for the Social Democratic leaders who had prevented Communism in Germany after the November "Revolution." It also illustrates Hitler's skill in making his opponents appear in an unfavorable light.

that he was quite prepared to go as far as the National Socialists cared at this time in the direction of national self-sufficiency in agriculture. Consequently, he could be counted upon to support the agricultural and foreign trade policy of the National Socialists which was the first step in their economic program. Second, it was convenient enough to have Hugenberg occupy the economic posts and to serve as a ready means of excuse to those members of the National Socialist Party who might complain that action on the economic front was not progressing rapidly enough. Hitler knew that whenever the time came when he cared to go forward more rapidly with his economic program than Hugenberg was willing, the power would be by that time so firmly in his hands that the wishes of Hugenberg could be disregarded and he could, if necessary, be summarily dismissed.

That Hitler made some such analysis of the situation is clearly proved by the events which followed. Thus he decided at once to assume full responsibility for the cabinet, instead of leaving a loophole for his later withdrawal by claiming that the cabinet had not been one which the National Socialist Party could really support. In other words, he made up his mind from the very first day that this was not to be a temporary or even a preliminary cabinet, but that it had actually ushered in his Third Reich.

On the night of January 30, a gigantic National Socialist demonstration in honor of the new cabinet was staged. Hitler was careful to see to it that the Nationalists were included in the celebration also. Stahlhelm detachments marched with the S. A. and S. S. detachments from the concentration point in the Tiergarten, through the Brandenburger Tor down Unter den Linden and through the Wilhelmstrasse, where the procession was reviewed by President von Hindenburg, Chancellor Hitler and the other members of the cabinet. But the Stahlhelm detachments were lost in the sea of S. A. and

S. S. detachments. Unter den Linden was packed with people as the torchlight procession went by. To the observer it seemed as though all of young Germany and middle-class Germany was there. The deep and fervent enthusiasm of this huge crowd as it sung the Horst Wessel Song, *Deutschland, Deutschland Über Alles* and the old Prussian marching songs made an indelible impression. This was the first and one of the greatest of those demonstrations of patriotism and enthusiasm which Hitler staged after his attainment of power, which were such an important feature of the conquest of the will of the Nationalist members of the cabinet and which rendered them incapable of opposing his desires. As the conservative Nationalist members of the cabinet surveyed this mass of humanity which had been roused to the highest pitch of emotional feeling in the belief that here was the beginning of the Third Reich and the end of Germany's woes, they must have begun to realize a little that they were dealing with a movement which would sweep over and obliterate them if they were ever again to stand in its way.

The gigantic celebration of the night of January 30, gave the tone to the weeks which followed. Torchlight processions, holidays for the school children, hoisting of the *Hakenkreuz* flag on public buildings were the order of the day. In the meantime, reassuring statements were given out by the National Socialist cabinet members. On January 31, Frick declared that there was no intention of declaring the Communist Party illegal or of declaring a state of siege. Assurances were likewise given that there would be no economic experiments or tampering with the currency. Everyone breathed easier. Apparently the Third Reich was to be indeed a tame affair. Hitler was allowing the enthusiasm of his followers to be expressed in parades and flag hoistings while a safe and sane economic policy was assured. Never was the credulity of "responsible opinion" better illustrated. The writer can-

not but register his amazement at the extent to which public opinion can be affected by official statements, even when they are patently contrary to the easily observable facts.

It cannot be denied that the political maneuvers of Hitler during this period were extremely clever, yet his real intentions should have been evident. The extent to which Hitler was able to follow the policy of paralyzing the will of his opponents in all parties and classes during the critical period when the National Socialists were steadily taking over the control of every political and economic function in Germany is well-nigh incredible. His tactics consisted of issuing reassuring statements always accompanied by threats of what would happen if the will of the National Socialists was opposed. When the desired position had been conquered the previously issued reassuring statement was blandly ignored and a new one issued in reference to the next stage of the progress of the revolution. In these early days of the Hitler government the assurances were not so thickly interlarded with threats as later, but the threats were always present even then.

These tactics were eventually to become almost one hundred per cent effective as they were developed into a form of sugar-coated terror. Men did not dare disbelieve the reassuring statements which were issued, and the statements made it easier for men to quiet their consciences when they acquiesced in some new act of force on the part of the National Socialists. The same tactics were to characterize the foreign policy of Germany under the National Socialist régime. In this field it was to have less success, for there was no force to compel foreign countries to believe the reassuring statements. Nevertheless the way in which foreign diplomats who have had interviews with Hitler come away with the statement, "I have been very much reassured by my interview with the *Reichskanzler*," is amazing. The only conclusion to

which the writer has been able to come is that the statements are really extraordinarily convincing because they appear, at least momentarily, to be sincere. This conclusion leads to a second, namely, that the methods of Hitler are not completely a matter of cleverness but are also a species of self-deception which often characterizes the fanatic and which enables him at will to believe anything which at the moment appears convenient to have others believe. The writer has observed that this is as characteristic of Soviet Russia as of National Socialist Germany. This synthesis of cleverness and self-deception which is so useful to the fanatic in the simulation of normal sincerity is a psychological phenomenon of first importance, and an understanding of it is essential to those who find it necessary to deal with fanatics.

To such an extent were these tactics successful at this juncture that the *Berliner Tageblatt* severely censured the Communists for trying to call a general strike because to do so at this time would weaken the trade unions' effectiveness if conditions were to become so serious that a general strike could not be avoided!

However, one incident occurred which did at once show who was master of the "coalition" cabinet. Hitler decided to have another general election. Hugenberg and the nationalists opposed the proposal strenuously, as did the conservative business interests. It had been confidently expected that the formation of the new cabinet would obviate the necessity for new elections, since it was assumed that the new cabinet would rule as a "presidential cabinet" after the manner of von Papen and von Schleicher. It was objected that still another election, following upon the almost endless elections which had already been held, would be extremely disturbing to business. But Hitler was obdurate. He did not intend that his position should be dependent either upon the good will of von Hindenburg or of the Hugenberg Nationalists. It was said that Hugenberg walked out of the

cabinet meeting, which decided to hold the new elections, in a towering rage. He was, however, helpless. It was obviously impossible under the circumstances to provoke another cabinet crisis, since it was more than doubtful whether Hitler would resign without civil war. Moreover Hitler had so "played up" the idea of a cabinet of national resurrection along the lines which Hugenberg had been advocating that a cabinet crisis on such an issue was unthinkable.

Apparently Hitler had taken a considerable risk in insisting on new elections. The loss of two million votes in the November elections as compared with those in July had produced the belief that the fourteen million votes of the July election represented the maximum strength of the National Socialists. The National Socialist leaders made it exceedingly plain in their campaign speeches that there was no intention of giving up the power even if the new régime failed to obtain a majority of the seats in the Reichstag. Under other circumstances and in other countries such tactics might no doubt have reacted against the National Socialists. This was not the case now. There can be no doubt that the German people are very susceptible to the display of determination and of force. Centuries of Prussian discipline have no doubt contributed to this susceptibility. The economic and political situation in Germany had been such that there is little wonder that the possibility of obtaining a government of authority had a tremendous appeal.

The campaign was carried on under circumstances which made it impossible for either the Social Democrats or the Communists to carry on electoral propaganda. Outdoor meetings were forbidden, most of the newspapers of the Communists and Socialists were suspended, and whenever their posters were pasted up on the bulletin boards they were at once covered by white paper or by Nazi posters. Nevertheless these methods were of little importance, since the voters of Germany had been so

thoroughly propagandized in the series of elections which had already been held that this curtailment of the Marxian means of propaganda probably did not affect very greatly the results of the election.

For two weeks prior to the elections the customary clashes between the Communists and the National Socialists had developed into widespread attacks upon Social Democrats as well as Communists. In some cases the members of the Centrist Party were also the object of these attacks. Conditions had now greatly changed from those of previous elections. Police protection was now given exclusively to the National Socialists. Göring, the Prussian Minister of the Interior, in an address to the police forces, instructed them to have the most friendly attitude toward the S. A. and S. S. detachments, these detachments were not to be interfered with, conflict with them was to be avoided under all possible circumstances, and support was to be given them to the limit. On the contrary the sharpest methods were to be used against the Communists, and, when necessary, "ruthless" use of weapons was to be made. Police who made use of weapons against the Communists would, whatever the consequences, be protected by him personally. On the other hand, if any policeman showed reluctance to use weapons in this way he could expect disciplinary consequences. Nothing could have been plainer. The next step was the installation of S. S. and S. A. detachments as supplementary police. As a sop to the Nationalists ten per cent of these supplementary police were supposed to be drawn from the Stahlhelm organization.

On the night of February 27 there occurred a spectacular and mysterious event. The Reichstag building was discovered to be in flames. The official account which was given out stated that one of the perpetrators of the arson had been apprehended in the act by the police. The perpetrator had been caught as he was trying to escape from the building after aiding in setting it on fire. When

seized by the police he was clad only in his trousers, having used his shirt as a torch to spread the flames. He had most considerately left his passport and membership book of the Communist Party of Holland in his hip pocket as a means of identification for the police. It was established from these documents that he was one van der Lubbe.

The incident was dramatized very effectively by the National Socialists. Göring hastened to the scene and "took personal charge." Hitler as he gazed at the mounting flames cried, "It is a sign from Heaven that we must exterminate those dogs!" The police had raided the Karl Liebknecht Haus, the Communist headquarters, and "discovered" a fearful plot of enormous ramifications. The burning of the Reichstag building was to have been the signal for a Communist uprising on a gigantic scale. The details of the planned uprising included poison, seizing of women and children as hostages, the assassination of prominent persons and other fearsome acts. Just why the actual burning of the Reichstag building had not "touched off" this Communist *putsch* was somewhat unsatisfactorily explained by saying that the "lightning swift" action of the police had forestalled it. When it is remembered that the Karl Liebknecht Haus had been searched through again and again by previous hostile administrations, the ability of the police in this instance to discover the details of the plan, watch the burning of the Reichstag building and then act in time so that the signal could not be obeyed was truly a magnificent demonstration of the efficiency of the Prussian police under the new régime.

The writer was never able to find an intelligent foreigner in Berlin who believed that the Communists had really burned the Reichstag building. It would have been so utterly useless for them to have done so. Furthermore, it was contrary to all experience with Communist tactics. The whole affair was so grotesque that even the National

Socialists themselves in private conversation were compelled to find some other explanation for it. It was suggested that perhaps the Communists had done it in order to place the blame on the National Socialists.

When the correspondents of the foreign press almost unanimously refused to take the official explanation of the affair seriously, Göring was almost beside himself with rage. The affair was rather generally set down as an evidence of his stupidity. Yet, as a matter of fact, the grotesque incident was very effective for the National Socialist electoral campaign. It was a remarkable demonstration of the fact that when dealing with mass emotions not subtlety but crudity is most effective. It furnished an excuse for still more drastic measures against the Communists and even against the Social Democrats, who were declared by the National Socialists to have been involved in the affair. It was later to afford a plausible justification for refusing to allow the Communists to take the seats to which they were elected in the various legislative bodies. Although the Nationalists were no doubt pained by the crudity of the affair, they were compelled to accept the statements of the National Socialists at face value and to be as indignant about it as possible, since at the moment they were waging an electoral campaign in which they were allied to the National Socialists. No German newspaper dared hint that there was the slightest possibility of Nazi perpetratorship unless it wished to be suspended from publication. Among the masses who believed the official version, the feeling naturally was that the election of a militant government was a necessity in order to be sure of protection against such miscreants. Göring promised to proceed with "all brutality and ruthlessness" against the Communists.

It was particularly painful to the Hugenberg Nationalists that Hitler refused to put up a joint list of candidates in the election, which would include individuals from both

parties which were represented in the government.³ But Hitler was adamant on this point also. He was driving straight toward the goal of sole power for his party, and he did not deviate from his purpose.

✓ It had been expected that after Hitler had been appointed Chancellor he would make known the specific program of his party. When he decided to fight another election it was considered almost inevitable that he should do so. He did nothing of the kind. As before, he campaigned on the issue of the misery of Germany during the last fourteen years. All this he attributed to Das System, and for *Das System* Marxism was responsible. All the ills and every ill which had afflicted Germany during these terrible years were the fault of the Social Democrats. The fact that only for a few months had the Social Democrats ever had a government of which they were in absolute control and that there had been various conservative coalition governments in power during a considerable part of the time, in addition to those in which the Social Democrats had participated, did not appear to lessen the effect of his charge. These Marxians had betrayed the undefeated German army in 1918 and were the source of all evil since. Only the National Socialist Party could save Germany from even a worse form of Marxism, namely Communism. ✓ Now was the time to destroy the "November Criminals" and make Germany once more a fit country for Germans to live in. Now was

³ Hugenberg, von Papen and Seldte gave their support to a new organization which they fathered. They called it the "Black-White-Red Battle Union." The *Stahlhelm* also supported the new organization, which was really only the Hugenberg Nationalist Party with a different name. Its sponsors tried to rally all the conservative nationalist interests so as to construct a counter-weight to the National Socialists. The Prussian and the municipal elections were also fought under this same organization. Later many former Social Democrats, Centrists and even Communists joined the organization or its auxiliaries in an effort to continue opposition to the National Socialists. The National Socialists, however, did not hesitate to act against the Black-White-Red Battle Union whenever they became suspicious of it. During the latter part of June all organizations of this type were ordered dissolved.

not the time to speak of the National Socialist program. Now was the time to hold the Marxians responsible for the misery of the last fourteen years. From which "responsible opinion" drew the false conclusion that this was another proof that the National Socialists had no program and would make no fundamental changes in the economic or social system when they came to power.

The election of March 5 was a brilliant success for the government, which secured some fifty-two per cent of the total popular vote. The National Socialists alone received about forty-four per cent of the total vote. They increased their vote by almost fifty per cent compared with the election in November. An analysis of the change in the percentage of the votes cast shows that they succeeded in drawing votes from almost all of the other parties and likewise succeeded in capturing the entire increase in the total number of votes, which was due to a larger percentage participation of eligible voters than in any of the preceding elections.

Hitler had undoubtedly counted upon drawing the support of all the voters in Germany who were interested primarily in bringing about a fundamental change in the existing system and of all those who were tired of the ceaseless indecisive struggles between the German parties. The result of the election showed that he had been correct in his prognosis. There is little doubt, for example, that many voters had voted National Socialist in July because they believed that the Nazis would come to power at that time and bring about the desired upheaval. When this did not happen, these same voters voted Communist in November, only to turn once more to the National Socialist Party after Hitler had become Chancellor and it appeared that there was a real possibility of drastic action. In addition to these influences, many voters joined the National Socialist Party because it was obvious that the Party intended to stay in power regardless of

the outcome of the election, and these opportunists wished to be on the winning side which was now so easy to select.

The election was indeed a triumph for Hitler. It completed the conquest of the will to resist of the democratic and republican parties because he was now able to say that he had received an unmistakable mandate from the people. Furthermore, he was no longer dependent upon the good will of von Hindenburg or upon his relations with the little group who had the ear of the old man. Still further, he was able to command an absolute majority in the Reichstag, even without the support of the Hugenberg Nationalists, by the device of refusing to allow the Communist deputies to take their places.

The National Socialists had made wide gains in practically every "land" in the Reich. The position of the governments, such as that of Bavaria, which had been hostile to the National Socialists now became extremely precarious. The National Socialists made it evident that they intended to take over the power in every political subdivision of the Reich. The term, *Gleichschaltung*, had been coined to characterize this all-important process which was to play such a great rôle in the political and economic destruction and reconstruction. The process had already begun here and there before the election of March 5, but now the process was accelerated and progressed at terrific speed. National Socialist commissars were installed in Bavaria, Baden, Saxony, Württemberg, and in the other lands who took over the complete power of the state. Coincidentally the terror which had already begun to assume considerable proportions after the burning of the Reichstag building now embraced all parts of Germany.

During the latter part of February the writer had revisited Soviet Russia for a few days after an absence of some three years. In Russia there was famine, an increased terror and the failure to realize the economic

expectations of the spring of 1930. The writer had returned to Germany with the feeling that if the National Socialist régime was the alternative to Bolshevism then much could be forgiven it. If a curtailment of individual liberty under a dictatorship were the price which had to be paid to avoid the unlimited terror which held sway in Russia, then the price seemed worth paying. The writer was astonished to discover upon his return that the conditions of terror in Russia were rapidly being duplicated in Germany. Scores of thousands of Social Democrats, Communists, pacifists, Jews, Catholics, and monarchists were arrested. Sometimes these arrests were made by the police. Sometimes they were made by the S. A. and S. S. "*Hilfspolizei*." In thousands of cases the arrests were made by S. A. and S. S. acting on their own authority. Many of the persons who were arrested were inhumanly beaten. Often the victims were attacked by the S. S. and the S. A. and when their friends or relatives summoned police assistance the victims were arrested. In fact, it was the almost invariable custom to arrest anyone who was attacked by the National Socialists.

The victims of the attacks were often Jews, but this was by no means always the case. Communists were usually more severely beaten than the Jews; although occasionally a Jew died from the effects of the beatings. Poles and Czechs, in hundreds of cases, received terrible thrashings. Jews sometimes had the swastika burned into their scalps and had their beards torn out. However, there were no cases of children with chopped-off hands, although women were sometimes savagely beaten. A few Americans were attacked. So far as the writer knows they were in all cases Jews.

There can be no question as to the responsibility of the National Socialist leaders for these acts of violence. Hitler had declared in the Leipzig trial in 1930 that "heads would roll in the sand" when the Third Reich came into being. Hundreds of National Socialist speak-

ers had for years stimulated the masses to look forward to the day of vengeance. Göring declared in a speech in Essen on March 11, 1933 that the police were not defence troops for Jewish businesses and had made it clear in official orders to the police that the National Socialist S. A. and S. S. were not to be interfered with under almost any circumstances. So far as the writer knows there was never any serious punishment for the perpetrators of the acts of violence.

In so far as the National Socialist leaders were willing to admit that acts of violence had occurred, they were excused on the ground that such things were bound to happen during a revolution. They stated proudly that "Never before in history did a revolution occur with so little bloodshed." A favorite statement was "Scarcely a hair of the Jews' heads was harmed." Later this statement was often amended to "Not a hair of the Jews' heads was harmed."

It is perfectly true that very few people were killed during the first months of Hitler's chancellorship. No one can say how many, of course, but almost certainly not more than a few hundred and very likely not nearly so many. It is quite true also that there are almost no examples in history of so fundamental a political, social and economic overturn as this was with so little loss of life. On the other hand, it must be emphasized that there was no revolution at all in the sense of a seizure of the state power against resistance from the armed forces of the state or from any other armed force. Von Papen had completed taking over the state without resistance in July, 1932, and had passed the state power on to von Schleicher, who in turn had handed it over to Hitler, January 30, without the shadow of resistance. Consequently, the assaults which took place were against unarmed and unresisting individuals. Again it should be noticed that these acts of violence did not consist of executing the victims in most cases, but of severe beatings and other

similar acts as a result of which the victims did sometimes die.

The extraordinary skill of Hitler in paralyzing the will to resist of his opponents had, strictly speaking, made all these acts of violence unnecessary except as a means of satisfying the blood lust of the S. S. and S. A. detachments, who no doubt were frankly displeased that their leader had managed the revolution with such skill that there had been no resistance at all. Indeed, the leaders of the National Socialists were astounded that no resistance did take place. They had fully expected it and had carefully prepared for such eventualities. To the casual observer the double police posts everywhere, the countless detachments of S. S. and S. A. under arms, the guarded bridges and public buildings seemed almost ridiculous in the face of the complete collapse of all opposition. This is nevertheless a superficial point of view, for no doubt the elaborate counter-preparations were an important factor in discouraging any attempt at resistance. A Machiavelli might even excuse all of the brutality on the ground that the fear which it inspired played a decisive rôle in preventing a counter-revolution and, hence, in the long run saved human life.

It must stand to the everlasting honor of the foreign newspaper correspondents in Germany that in the face of censorship and the most strenuous attempts at intimidation, they still sent to the outside world the news of this violence. The rage of the National Socialists at the reports of their acts in the foreign press remains a psychological phenomenon, which, if not rare, is nevertheless extremely interesting. The attitude of the Nazi leaders toward these acts of violence can be better understood when it is remembered that many of the leaders of the S. S. and S. A. storm detachments were former soldiers who had never really been able to settle down to civil life. For years after the war they had alternately put down Red uprisings against the Republic and carried out

one *putsch* after another against it themselves. In between times these free lances carried out their private vengeance by means of the famous *Feme* murders. At a still later time they had to be content with satisfying their blood lust in the countless brawls with Communists and Social Democrats which so often ended fatally.

Many of these S. S. and S. A. leaders were now given important posts in which they were responsible for public order and safety. For example, von Killinger was made Commissar for Saxony and later Minister-President, and he consequently was in charge of *Gleichschaltung* in this state. He had previously written a little book, *Ernstes und Heiteres aus dem Putschleben*^{*} in which he recounts, among other incidents, how in the campaign against the Soviet government in Munich, he had a soldier whip a young "wench" with a horsewhip "until there was not a white spot left on her backside." He also recounts how, after a Communist street agitator had made an impudent reply to a threat, he had a soldier toss a hand grenade at the man. He recounts with gusto the gory details of the man's death. It is not to be wondered that these men were not over squeamish about the conduct of their followers.

The National Socialists were convinced that the expressions of horror in the foreign press were the work of international Jewry, which, of course, controlled the world press. They expressed their anger by further beatings and were shocked at the discovery that the reports of German atrocities continued to appear in the world press. It was decided that counter-propaganda must be set in motion in order to give the world a true picture of what was happening in Germany. Through the medium of the press all Germans with friends or with official or business connections abroad were instructed to write or to cable to these persons abroad and to explain

^{*} *Ernstes und Heiteres aus dem Putschleben*, by Manfred von Killinger, 4th Edition, pp. 13-5.

to them that no untoward events had happened in Germany at all and that the whole business was the work of the lying Jews.

No avenue of propaganda was overlooked. The Minister of Foreign Affairs gave a reassuring interview to the representative of an American press service. Herr Hanfstaengel, the foreign press representative of the National Socialist Party, gave a transatlantic telephonic interview to New York in which he explained away all the talk about atrocities and discrimination against Jews.

An American professor was approached with an already written cable to which his name had been signed. The cable denied the atrocity reports *in toto*. All the professor was asked to do was to give his permission to send the cable. To the honor of the professor it may be said that he returned an answer to the request as appropriate to the occasion as the limits of academic language would allow. One of the directors of an institute which specializes in promoting good relations with the United States sent a cable to colleagues in the United States in which he explained that there was no discrimination whatever against Jews as such, but only against Communists. When an American acquaintance pointed out that his cable would probably receive publicity in the American papers on the same day that the boycott against the Jews in Germany was in progress, he replied with some anxiety that he was afraid that the coincidence would somewhat spoil the effect of his cable. The National Socialists were bewildered and embittered by the unaccountable fact that their counter-propaganda was not very effective.

On March 16 Schacht was appointed president of the Reichsbank to succeed Luther, who by way of consolation was appointed Ambassador to the United States. This action insured that the monetary and credit policy of the Reichsbank would be carried on without opposition to the wishes of the National Socialists. Since Schacht for some time had been in the inner councils of

the Party, and since he could be counted upon not to countenance any wild schemes for uncontrolled inflation, the action also served to quiet somewhat the fears of the conservatives as to the monetary policy of the National Socialists. For the moment the leaders of the Party contented themselves with expanding somewhat the scheme for public works with cheap public credit which had been already set in motion by Gereke during Schleicher's tenure of office. Schacht issued a statement declaring for sound money, the strengthening of the purchasing power of the internal market and the expansion of credit through a more liberal extension of bank credit on easier terms to small merchants and producers.

The opening of the new Reichstag took place in the Garrison Church at Potsdam on March 21. It was made the occasion of another one of the gigantic ceremonies which the National Socialists were so successful in staging and which the German people love so well. Bells rang, cannons boomed, special religious services were held, Reichswehr, S. S., S. A. and Stahlhelm marched, Hitler and Hindenburg spoke, wreaths were laid upon the graves of the Prussian kings. The tenor of the speeches was thoroughly Prussian. Hitler emphasized the spiritual kinship of the old kings of Prussia and the National Socialist leaders.

Once more Hitler had forged another weighty link in the chain which bound the conservative nationalists to him and made it virtually impossible for them to repudiate him, no matter what his actual social, economic and political program might be. Nevertheless, the ceremony at Potsdam cannot be considered only showmanship and cleverness on the part of Hitler, for there can be no doubt that he devotedly and even fanatically admired the old Prussian state system. Only, in his mind, he was to take the place of the Prussian kings, and his leaders were to take the place of the old Prussian aristocracy and bureaucracy. But the Junkers and the Hohenzollerns may

be pardoned if momentarily they thought that he really meant to restore them to their former rôle.

The ceremony at Potsdam fired the imagination of the German people. At that moment, no doubt, at least sixty per cent of the German people were actively or passively sympathetic with National Socialism or at least with their conception of National Socialism. A German Jew said to the writer, "Even though I am a Jew, as a German I could feel proud of the re-awakening of Germany which the ceremony at Potsdam celebrated."

On the following day the Reichstag reconvened. The purpose of the meeting was to pass an Enabling Act which the National Socialists had prepared. By the terms of this Enabling Act the new cabinet was given almost unlimited power for four years. During that period practically any measure could be put in force without the necessity either of a vote by the Reichstag or its ratification by the signature of the president of the Reich. In essence, it meant a blank check for the National Socialists, although in form the power was granted not to the Party but to the "coalition" cabinet.

Before the vote on the Enabling Act was taken Hitler made a speech characterized by the customary sugar-coated threats. He told the parties that they were on trial. If they voted against the Act, then the National Socialists would know what they would have to do. It was implied that if the other parties voted for the Act, then they might be permitted to continue their existence in the Reich. It may well be questioned why Hitler cared whether the other parties voted for the Act or not, since the government in any event commanded a majority in the Reichstag. The answer is that the Act was of such a nature as plainly to require a two-thirds majority since it in fact amended the Constitution. This may seem to be no answer since the National Socialists had breached the Constitution in various ways already and would not have hesitated to do so in this case if the two-thirds majority

had not been obtained. However, Hitler was following out his consistent policy of spiritually disarming his parliamentary and democratic adversaries, and he no doubt thought that it was worth the trouble of a speech.

The consensus of opinion in respect to the speeches of Hitler at Potsdam and at the session for passing the Enabling Act was that they were "very reassuring." His policy received its usual reward and the Enabling Act was passed by a vote of 441 to 94. All the votes in opposition came from the Social Democrats, since the Communists had not been allowed to take their seats. If the speech of Wels in reply to Hitler seemed little more than an apology for voting against the Enabling Act, the presence of the stalwart members of the Storm Detachments in the Reichstag building no doubt accounted for its mildness.

The passage of the Enabling Act by the Reichstag may be considered as ending the transitional period which had begun with Hitler's acceptance of the Chancellorship on January 30. Henceforward the distinction between the government and the National Socialist Party began rapidly to disappear and the two identities to merge. From this time onward, the National Socialists, secure in the knowledge that the power of the state was firmly in their hands, were able energetically and openly to undertake the destruction of *Das System* and to begin building the new structure of National Socialism.

CHAPTER VI

NATIONAL SOCIALISM IN ACTION

THE Third Reich may be considered to have been inaugurated by the great Jewish boycott. Until this time the numerous acts of violence had been considered by the public as merely the temporary disorder which doubtless might be expected and excused during the period while the National Socialists were taking over the government. The boycott and the other acts which accompanied it finally made the public realize that life as it had been during the first weeks of the new régime was no temporary matter but might be considered as a foretaste of normal existence under the Third Reich.

Curiously enough it was this boycott of the Jews which first brought home to the conservative Nationalists a realization of the true nature of the régime whose path to power they had so effectively smoothed. The Nationalists assuredly had no love for the Jews. Their attitude toward them was a mixture of dislike, contempt and patronization. They had been perhaps a little shocked by the outrages which had occurred, but their attitude toward the National Socialists in this connection was most tolerant—a sort of “boys will be boys” attitude. A permanent crusade of hate and violence against the Jews, however, meant a definite break, not only with things as they had been under the Republic but as they had been under the Reich of Bismarck. Then there had indeed been social discrimination against the Jews but anti-Semitism of the sort which had produced pogroms in Russia did not exist. It seemed suddenly to dawn on the conservative Nationalists that the Third Reich was not to

be a duplication of the Germany of 1913, but something far different.

From this time on the Nationalists were gripped by the same terror which had till now appeared to them to be a matter of concern only for the Marxians, the pacifists, Jews and Catholics. It is true that a number of arrests of monarchists had very early taken place. But these men had only been taken into "preventative custody" as the Nationalists understood the matter, because the time was not then ripe for the restoration of the monarchy. The Nationalists now began to realize that the National Socialists were in earnest and were furthermore no respectors of persons.

It was a fascinating though fearful thing to observe the growth of this atmosphere of terror. The writer had previously had the experience of living in a land where terror was well established and a normal part of life. But here he was to see terror develop and to observe it lay its hand on men. Trotsky, the advocate of the theory of "Permanent Revolution," has said that revolutions destroy men. Never were truer words spoken, if one speaks of revolutions with a concomitant of terror. For terror does indeed consume the characters of men. One of the commonest of human reactions to it is the attempt to save one's soul from the consciousness of submission to force by trying to identify oneself in some way with the power which exercises the terror. Thus the Nationalists were to attempt to build a bridge for conscience to National Socialism by saying to themselves that after all it was strongly nationalist. Socialists and even Communists tried to build the bridge for their conscience by telling themselves that after all it was socialist.¹

¹ Sometimes the bridge could be built as it was done by two of the Social Democratic members of the city council in Munich. They took part with the National Socialists in an ovation for Adolf Hitler and General von Epp. They thus saved themselves from the physical violence and ejection from the council which befell their colleagues with less limber consciences. The two justified their action by saying that they had decided to become "German Socialists." *Berliner Tageblatt*, May 10, 1933.

Even the proudest and most arrogant found a means to salve their self-esteem when they submitted to ruthless force.

When Hugenberg was later compelled to sacrifice Oberföhren and when Seldte was constrained to sacrifice his second in command, Lt. Col. Duesterberg, they were able to find excuses for themselves. The commonest excuse for submission was that it was better to sacrifice one individual than by opposition to the will of the National Socialists to anger them and incite them to still more radical action.

It is difficult indeed for one living in a country in which the theory that one cannot be deprived of life or liberty without due process of law usually holds good, to understand the position of men who live under terror. Thus astonishment has often been expressed that hardly a voice was raised in all Germany against the acts of violence which occurred. But how could a voice be raised so that it would be heard? No newspaper would or could have printed such a protest. No man could have made such a statement in a public meeting without being interrupted before he could have completed a dozen sentences and subjected at once to the extremes of physical violence. If he protested, even in private conversation, he was in danger of being denounced, and he would be fortunate if all that happened to him was to receive the legal penalty for spreading "atrocious propaganda." Just as likely would be a line in the press that Herr So-and-So had been arrested for spreading atrocious propaganda and "had been shot while trying to escape" or "had committed suicide in his cell."² Martyrdom may have a certain appeal if accompanied by court trials with attendant publicity from the sympathetic and liberal press but it is quite another thing when it may take the form of summary and

² Such notices in the press were frequent. Thus the issue of the *Münchener Zeitung* of April 15 and 16 contains notices of three such "suicides."

anonymous "justice" from a Storm Detachment which drags the "martyr" out of bed at three o'clock in the morning.

Terror of this sort is certainly effective. Once in control of the state apparatus a group with very much smaller popular support than the National Socialists have, who are willing to use unlimited force, can control a country up to the point of defeat in a foreign war or of absolute economic collapse. Terror of this sort may be the negation of civilization. It may be that in the long run it destroys the individuals who wield it. But for a very long time it is an all-powerful weapon against which the man of honor who is subjected to it is singularly defenceless.

When the writer first observed terror in action in Russia he was inclined to come to the comforting conclusion that it met with little resistance because of the long experience of the Russian people with it in one form or another. It would be as easy to come to the conclusion that terror has its way without opposition in Germany because of the long tradition of Prussian discipline. No doubt the Prussian tradition of discipline was an important factor in explaining why the National Socialists found at once so ready a respect for the authority of the state, regardless of the hand which wielded it. But a most disturbing doubt exists in the writer's mind whether the situation would be very different in any land if the state power was ever firmly in the grasp of a sufficiently ruthless group.

It had appeared momentarily as though the international reaction to the acts of violence which had occurred was going to have the effect of bringing them to an end. There can be no doubt that the permanent staff of the German Foreign Office was absolutely appalled at the effect which these outrages had upon German foreign relations. The years of effort in building up sympathy for Germany as a defeated nation who had been

unfairly treated seemed in a fair way to be wiped out over night. Consequently, Hitler was induced to issue a statement calling upon the National Socialists to maintain discipline and declaring that "acts by individuals" must cease.

If there was any halt in the series of attacks on individuals it certainly was of short duration. The National Socialist press and the remainder of the German press which found it necessary to take its tone from the National Socialist press were filled with articles denouncing the campaign of calumny against the Fatherland. As a natural consequence the mass of the National Socialists were stimulated to new outbursts of activity. This coincided with the beginning of the picketing of department and chain stores and the breaking of the windows of these institutions. Hundreds of National Socialist speakers had declared that the Third Reich meant the end of the chain and department stores as well as the end of the Jews' domination of the business life of the country. Now the storm detachments of the S. A. began to carry out an irregular warfare "on their own fist" against chain stores, department stores and Jews together. In the Ruhr district this took the form of the closing up of all Jewish shops. In Berlin it amounted to not much more than picketing some of the more ostensibly Jewish department stores and an occasional window-smashing of some particularly disliked chain of stores.

The mass of the National Socialists and many of the leaders pressed for the general extension of this irregular warfare into a prolonged siege which would bring the destruction of Judea once and for all. In spite of the efforts of the conservative nationalists in the cabinet and the horrified protests of the German Foreign Office a complete boycott was decided upon by the Party leadership. The National Socialist leaders were, so they said, influenced in this decision by the realization that there was such hatred of the Jews among the Party member-

ship that it was bound to seek some form of expression. The boycott had already begun spontaneously as a popular expression of feeling. It was, consequently, much better to regularize the boycott so that it would be conducted within limits and without the accompaniment of unfortunate acts of violence against the persons of Jews.

The National Socialist leaders took cognizance, however, of the agonized protests of the Foreign Office. They decided that in deference to the Foreign Office the boycott would be conducted as a "defensive action." It was announced that the boycott was purely a defense of the Fatherland against the outrageous lies which were being published abroad at the instigation of international Jewry. The boycott would continue only so long as the campaign of lies continued. The National Socialists regretted the necessity of causing pain to the German Jews but it was the only effective way to bring pressure upon international Jewry. When, in the course of an interview which the writer and an American correspondent had with a prominent National Socialist leader, the question was raised as to how the German Jews were to have an opportunity to capitulate, the answer was given that the National Socialists expected that a delegation of wealthy and prominent Jews would request that they be received by Hitler. They would then have the opportunity to say that they acknowledged their responsibility for the campaign of lies against Germany and that they would at once communicate the necessary instructions to their racial brothers abroad to have the campaign stopped. The National Socialist leaders were apparently hopeful that this characterization of the boycott as "defensive" would serve quite successfully to remove any bad impression which it might otherwise have made abroad.

The pressure which was thus brought upon the German Jews did have at least superficial results. The *Berliner Tageblatt* published frenzied appeals for the cessation of the "atrocious propaganda," including an editorial

"Es ist nicht wahr!" * The principal association of German Jews published statements refuting the atrocity stories and calling for a cessation of such news in the foreign press. It was even possible to find a rabbi or two to write articles of the same tenor in the German newspapers. All these were then pointed to by the National Socialists as a proof of the fact that even the Jews repudiated the atrocity stories. In the interests of accuracy it should be said that National Socialist commissars had been installed who determined the editorial policy of some of these Jewish newspapers, and that German Jews in private conversation denied that the Jewish associations in question were any longer free to make their own decisions. The writer was reminded of a similar incident in Russia, in 1930, when during a period of greatly increased pressure upon all religions, it was possible for the Soviet government to obtain a statement from the acting head of the Orthodox Church in Russia and several other archbishops denying that there was any persecution of religion whatever in Soviet Russia.

A set of rules which were to govern the boycott committees was drawn up by Streicher, the chairman of the general boycott committee of the Party. Among other things these rules provided that not the question of religion but of race was to determine whether or not a business was to be boycotted. Thus a baptized Jew or the descendant of a baptized Jew came fully under the power of the boycott. In the case of mixed parentage, anyone who had at least one grandparent who was a Jew was to be considered as a Jew. If the wife of the owner of a business were a Jew, the business was to be considered Jewish. Likewise if the husband of the owner of a shop were a Jew, the business was to be considered Jewish. If a store, or a chain of stores was owned by a corporation, it was to be considered Jewish if any important amount of stock was owned by Jews. Not only were all stores,

* Issue of March 28, 1933.

shops, restaurants and cinemas to be boycotted, but Jewish lawyers, doctors and dentists were included also. Jewish businesses were ordered to pay their Christian employees for the period of the boycott, whether the businesses were kept open or not. Newspapers, including those owned by Jews, were compelled to print these rules together with an appeal to the German people exhorting them to join in this defence of German honor against its defamers. Neither the Jewish newspapers nor the banks were included in the boycott—the latter on the ground that they were necessary to the normal transaction of business.

Great public meetings were held in order to stimulate the public to take part in the boycott. Huge posters were pasted up denouncing the Jews and arousing the public to the support of the boycott program. The radio was used widely also in carrying the boycott appeal and instructions to the public. In the broadcast to which the writer listened in Berlin, emphasis was placed upon the instructions that "not a hair on the Jews' heads is to be touched," but the voice of the speaker was a positive snarl, and one could almost hear him pant from the excess of his emotional hatred of the Jews. There can be no doubt that the natural impression which would be made upon the hearers was that there was to be a closed season on Jews for the duration of the boycott only.

As a result of the desperate efforts of the Foreign Office and the conservative nationalists the boycott was almost called off at the last moment. Finally a compromise was reached by which it was agreed that the boycott should only be carried on for one day. It was publicly given out that the boycott was to be carried out on Saturday, April 1. Then there was to be a pause until the following Wednesday. If in the meantime the press of the world had received and obeyed instructions from its Jewish masters to call off the atrocity campaign, the boycott would not be continued. If, on the other hand,

the campaign were to continue, the boycott would be reimposed and carried through till the power of Judea was finally broken.

The boycott was carried out with varying degrees of rigorousness and demonstrativeness in different quarters of Berlin. In Steglitz and in Schöneberg, the strongest Nazi quarters of the city, the boycott was carried out on the stroke of ten, as had been announced. Placards carrying such slogans as "Germans defend yourself against Jewish lies! Buy only at German shops!" were pasted on the doors and windows of Jewish shops.

Further downtown the signs were sometimes also printed in English, apparently in order to make the reason for the boycott quite clear to any English or American tourists who might be about. On Kurfürstendamm, which was noted for its Jewish shops and cafés, almost all the businesses had these placards pasted over them. In the district about Unter den Linden the signs were much fewer and more modest in appearance, as though there the influence of the Foreign Office had managed to find some expression. In the Steglitz and Schöneberg districts one man and sometimes several men in S. A. uniform were posted in front of every Jewish shop. However, such extra precautions were quite unnecessary, for not only did no one buy in the shops but as soon as the placards were posted the proprietors almost without exception closed up their places of business for the day and went home.

An occasional bit of mild excitement occurred when in the course of the day an informer would denounce still another shop as Jewish, and the local boycott committee would come and affix the damning placard. Exclamations of astonishment would be heard as some business concern of long standing and with a perfectly good German name would be closed up. However, there were very few attacks on Jews during the one-day boycott. The boycott was carried out in a similar fashion throughout Germany.

In addition to the measures officially provided for by the central boycott committee, the N. S. B. O.⁴ and the S. A. detachments added several demands of their own. First, it was demanded that each Jewish employer pay one month's wages to each of his "Aryan" employees.⁵ Furthermore, every Jewish employer was ordered to discharge at once all Jewish employees. In some cases of which the writer had personal knowledge, when the employer demurred he was deposed from his position as manager by the National Socialist workers' cell of his business and was sometimes then arrested either by the S. A. or by the police. In one such case the employer was warned by his office staff that he had been deposed and was to be arrested. He fled to Berlin and then attempted to escape to Switzerland but was arrested as he tried to cross the frontier.

In some of these cases the Jewish employees were allowed to return to work after the boycott, but in others they were not. If the N. S. B. O. or the S. A. had worked fast enough to get non-Jewish workers employed in the place of the discharged Jews, then there was usually no redress. If the manager had been deposed during the boycott the situation was usually regularized by appointing a National Socialist commissar who thenceforth operated the business or by ordering the directors of the enterprise to elect a new manager, a broad hint having been given as to who would be acceptable. It must be emphasized that the Jewish manager who was deposed was also the owner. If he had been only a hired manager with ownership of the enterprise by non-Jews the enterprise would not likely have been subject to the boycott.

The custom of deposing the Jewish owners and of insisting upon the dismissal of Jewish employees did not

⁴ *Nationalsozialistische Betriebszellen Organisation*. The National Socialist labor "cells" in each factory, office or shop.

⁵ The extra month's pay did not usually materialize, however, since the higher Party authorities issued instructions against the worker's organizations collecting it.

by any means come to an end with the commercial boycott. On April 5 the *Voelkischer Beobachter* announced that the *Berliner Tageblatt* had turned anti-Semitic and had on one day alone dismissed 118 Jewish employees. This statement was, of course, merely a National Socialist witticism, for the *Berliner Tageblatt* had been compelled to take this action. On May 12 the National Socialist works' cells of the N. S. B. O. went on strike at Ullstein Haus because the management had refused to discharge the Jewish employees.* At about the same time the N. S. B. O. cell composed of the employees of the Epa, a large chain store system, went on strike and demanded the dismissal of the Jewish management.

It was generally understood that the boycott was not to be resumed, and it was officially announced that since the "atrocities campaign" in the foreign press had markedly diminished the boycott would not be resumed on Wednesday, but would be indefinitely suspended. During the next few days the German press dutifully reported a marked diminution in the "stream of lies against Germany appearing in the world press." After a week or so, however, it was once more possible for the German press to take cognizance of the hostile tone in the foreign press.

During the period of the commercial boycott, Jewish judges and Jewish lawyers had been excluded from the courts. This had taken place at different times in different parts of Germany. Sometimes the "cleaning" of the courts was carried out by means of bodily casting out the offending Jews. The National Socialist Minister of Justice for Prussia issued an order that there were to be no more Jewish judges or lawyers in the Prussian courts. It was decided that the situation must be regularized so that the same principle would be operative throughout the Reich. Consequently, the Minister of Justice of the

* The publishers of the *Vossische Zeitung*, *B. Z. am Mittag* and other well-known newspapers.

Reich got out an order providing that there should be a "*numerus clausus*" for Jewish lawyers. There should be no more Jews allowed to practice the profession of law than the percentage which the Jewish population of Germany bore to the German population. This meant that of all lawyers in Germany only about one per cent could be Jews. The order, however, provided that this restriction did not apply to those Jews who had served at the front during the war or who had lost a father or a son at the front, or to those Jews who had held their positions prior to 1914.

It was quickly discovered, however, that a surprisingly large number of Jews would come under these exceptions to the general rule. The National Socialist lawyers in Berlin were outraged at the exceptions which had been ordered. One of them wrote an article in the *Voelkischer Beobachter*, the official organ of the Party, in which he explained that such laxity in the "cleaning" of the courts of justice was absolutely unthinkable. He explained that very few Jews had actually fought at the front. If they had served in front line regiments it would be found upon investigation that they had usually functioned as company clerks or had jobs with the baggage trains and so on. The cases where Jews had actually been killed in action did not prove anything about the devotion of the Jews to the Fatherland since naturally some of the Jews who had been conscripted and sent to the front had been killed according to the laws of statistical probability. In the rare cases where there could be no denying that Jews had fought bravely at the front it would be found that they had a preponderance of Aryan blood. It was always noticeable that in such cases the appearance was not typically Jewish.

On May 13 the Prussian Ministry of Justice announced certain statistics in regard to the situation as it then stood. Prior to the "cleaning" of the Bar in Berlin there had been 3,890 lawyers. Of this number 1,998 were Jews

and 1,892 were "Aryan." Of these Jewish lawyers, 797 had been lawyers prior to 1914, and 406 had seen service at the front. Four hundred and eighty-seven Jews and 37 Communists were "cleaned out." In the future 1,203 Jewish lawyers were to have the right to practice in Berlin. For all of Prussia 2,158 Jewish lawyers were to have the right to practice.

It will be noticed that this is many times the number which would have been allowed to practice if the principle of the *numerus clausus* in its simple form had been followed. Since the actual practice was usually so far different from the official statements made, however, the actual status remained uncertain.

Jewish doctors and dentists were generally excluded from the public hospitals and were no longer allowed to serve as accredited doctors in connection with the system of public health insurance. The *numerus clausus* was also applied to Jewish teachers in the public schools and to the professors and students of the universities and other institutions of higher learning. Jewish students were not to be allowed to be members of the "student bodies" of the universities, even though a limited number were supposedly to be allowed to attend the universities. Actually these measures were carried out with considerable lack of uniformity in the different universities and in the various parts of the Reich. In Bavaria, the Minister of Education expressed his horror at the fact that German children and Jewish children were allowed to attend the same schools and promised that this condition would not long continue to exist. In theory, Jewish professors who had fought at the front or who had lost a son or a father were exempted from the application of the rule, just as in the case of the lawyers. But in practice, the National Socialist students organized demonstrations against even these Jewish professors so that their lot was made practically intolerable. Some of them refused to take advantage of the exemption which they had been allowed and

resigned their posts. Finally, Jews were excluded from membership in the new German Labor Front, which apparently would eliminate them from all paid employment.

At the University of Berlin the students published a number of "theses" which they posted on the university bulletin board. Among them were "When a Jew writes in German he lies." "All books written by Jewish authors which are printed in German must bear the line 'Translated from the Hebrew.'" When the Rector of the University threatened to resign if the notices were not removed, the students gleefully announced that they would not remove them and that they therefore assumed that the Rector had resigned.

Thousands of Jews had attempted in every way to identify themselves with the German nation. Many of them had even voted for the conservative nationalist candidates. Some had served at the front and had even managed to feel enthusiastic about the new rebirth of German nationalism. Now they were completely cast out from membership in the German nation. They were charged with being unassimilable, and those who married German women or who were partly of German blood were hated and despised as polluters of German racial purity.

Many Jews tried to escape abroad. Almost at once, however, orders were issued in some districts that the passports of Jews should be taken up and re-issued after a notice had been inscribed noting that the passport was not valid for travel abroad. Later a general order was issued that no one was to be allowed to leave Germany without having first obtained a special endorsement on his passport. Even if a Jew succeeded in getting permission to leave he was confronted by the difficulty of transferring abroad any property which he might have since the *devisen* restrictions made this most difficult. Furthermore, he was confronted by the fact that most countries had erected immigration barriers which shut him out. The

position of the Jew in Germany had suddenly become comparable to that of the "former people" in Soviet Russia.

On March 23, while the public attention was mainly devoted to the events leading up to the boycott there occurred an event, one of the series of curious and dark incidents which were the consequence of the intrigues and conspiracies around the person of von Hindenburg, which had begun when von Papen had first become Chancellor. The Commissar for the creation of employment, Gereke, was arrested for embezzlement. The news created a sensation. The position which he occupied was of cabinet rank. It was assumed at first that the embezzlement charge was based upon the misuse of funds in connection with the public works program. When the official charge was made, however, it developed that the alleged embezzlement had taken place over a period of several years and had to do with funds of the association of municipalities of which Gereke had been an officer prior to his appointment to his position in the von Schleicher government. It was rumored that the arrest was really the first step in a program of striking at the little group who were personally close to von Hindenburg. Gereke had managed Hindenburg's campaign for the presidency in the previous year and was known to be a friend of Colonel Oscar von Hindenburg, the President's son.

About the same time there occurred another incident in the chain of events which was to determine the fate of the Nationalists who were in the coalition with the National Socialists. On March 30 the press announced that Oberfohren, the chairman of the Nationalist Party fraction in the Reichstag, had resigned. As a matter of fact his house had been searched by orders of Göring, and he had been arrested. He was released after he had agreed to resign. It might have been expected that such action would have led at once to a cabinet crisis. Such was not the case, however, for the National Socialists had so suc-

ceeded in intimidating the Nationalist cabinet members by this time that they dared not protest effectively against any action. Besides, true to their custom, the National Socialist leaders made it easy for Hugenberg to sacrifice Oberfohren by showing Hugenberg letters which Oberfohren was supposed to have written, criticizing Hugenberg for his failure to take a more determined stand against the National Socialists. Some weeks later Oberfohren committed suicide.

The conservative Nationalists outside the cabinet could not believe that events had escaped so far from the control of their leaders. They still clung to the belief that some morning they would wake to find that von Hindenburg had declared martial law and that the Reichswehr was in control of the situation. It was usually assumed that the Stahlhelm would also be called in to co-operate with the Reichswehr. Dining one evening with a former captain in the German army, the question of the extraordinary acceleration of the tempo of the National Socialist Revolution was discussed, and the situation was compared to the October Revolution in Russia. The captain said, "You gentlemen who have been in Russia take much too catastrophic a view of the situation. You will see that Hindenburg will declare martial law and everything will be straightened out. It is true that he must act within a fortnight or it will be too late. But you will see that he will do it." Interestingly enough the same idea was expressed over and over again by Social Democrats, by industrialists and many others. It was curious how long the illusion of such a possibility continued to exist.

The National Socialist leaders, however, were quite alive to the situation and were rapidly taking steps which would effectively prevent such a situation. The Stahlhelm organization was regarded with the greatest suspicion, and the National Socialist leaders were on the alert to nip any armed attempt in the bud. On March 28 public excitement was created by the statement in the press that

the Stahlhelm organization in Brunswick had been dissolved by order of the National Socialist governor. Later reports described that the conflict had arisen because the Stahlhelm leaders had begun to accept large numbers of the outlawed Reichsbanner⁷ organization into the Stahlhelm. A large number of former Reichsbanner men were escorted to headquarters by a detachment of Stahlhelm *Hilfspolizei*. Once arrived at the Stahlhelm headquarters, the whole group was surrounded by detachments of S. S. and S. A., and the Stahlhelm *Hilfspolizei* were ordered to surrender their arms. Although they did not resist, the Stahlhelm members smashed their weapons rather than surrender them. For some time several hundred Stahlhelm members and former Reichsbanner men were held prisoners in a large building until the affair could be straightened out from Berlin.

The complexity of the situation was increased by the fact that it was well known that a considerable portion of the National Socialist membership in Brunswick were former members of the Communist Party. The situation was temporarily cleared up by an agreement which the national commander of the Stahlhelm, Seldte, made with the National Socialists. The leader of the Brunswick Stahlhelm was removed and a promise was given that great care would henceforth be taken in permitting new members to enter the Stahlhelm. The organization was then allowed to continued its existence. A similar situation arose in the Pfalz, and was handled in similar fashion. Trouble also arose in Saxony and, indeed, all through the Reich. Numerous arrests of Stahlhelm leaders took place.

While keeping constantly on the alert, the National Socialist leaders began to undermine the loyalty of the Stahlhelm leaders wherever possible, and where this was not possible, to demand their removal. A climax was

⁷ The *Reichsbanner* was the Social Democratic uniformed organization.

reached when the demand was made upon Seldte that he compel Lt. Col. Duesterberg to resign as second in command of the Stahlhelm. Duesterberg had always insisted that the Stahlhelm should preserve its existence independent of National Socialism. Seldte surrendered and sacrificed his subordinate. The position of Duesterberg was very much weakened by the fact that in the previous year the National Socialists had discovered that his grandfather was a Jew. It was, therefore, possible to raise the racial issue successfully against him. He resigned without resistance and at the same time new regulations were published in which it was agreed that the Stahlhelm was to accept Adolf Hitler as its supreme leader and was to wear the swastika superimposed upon the steel helmet insignia as a sign that the *Gleichschaltung* of the organization had been completed. Almost immediately thereafter Seldte announced that he had joined the National Socialist Party.* The Hugenberg Nationalists requested that he surrender his Reichstag mandate, since he had been elected on their ticket. He refused to do so however.

During the latter part of June still further measures were taken against the Stahlhelm. Its members were forbidden to belong to any party other than the National Socialist. The younger members of the organization were transferred to National Socialist organizations.

There was to be no pause in the process of extending the absolute power of the National Socialist Party over every aspect of human life in Germany. This process of *Gleichschaltung* was of tremendous importance in making it possible for the National Socialist Revolution to advance at a tempo much more rapid than that of the Fas-

* Nonetheless clashes between the National Socialists and the Stahlhelm continued. On June 18, the Stahlhelm organization in several districts in Brunswick was ordered dissolved, and likewise in East Prussia several local groups were ordered to disband and the leaders were arrested. It was charged that the Stahlhelm was still allowing former Marxists to enter the organization. *Voelkischer Beobachter*, June 19, 1933.

cist Revolution in Italy, and in some respects more rapidly than the Bolshevik Revolution in Russia. Whenever there was any opposition to National Socialist intervention in any field, it was enough to invoke this magic word, *Gleichschaltung*. Opposition then became treason to the "National Awakening." The process was carried on simultaneously in the political, economic, educational, religious and cultural fields.

On April 8 a new system for the government of the individual German states was announced. According to this system each German state was to have a *Statthalter*, appointed by the President of the Reich upon nomination by the Chancellor. An exception was made for the most important state, Prussia, for which the *Statthalter* was to be the Chancellor of the Reich. The *Statthalter* in each state was to have the right to appoint the cabinet for the state. The Landtag of each state became little more than a rubber stamp for the cabinet appointed by the *Statthalter*. In Bavaria, for example, no election of the members of the Landtag took place at all, but each party, with the exception of the Communists, was given the proportion of seats which it would have had if an election had taken place and had given the same results as that of the last election of the Reichstag. In all the states the new cabinet which was set up had a National Socialist majority. In the case of Bavaria, even the Nationalists were excluded from the cabinet, in spite of the fact that without the Nationalists the National Socialists did not have a majority in the Landtag.

It was also provided in the new decree that one *Statthalter* could be appointed for several of the smaller states. In the discussions over the appointment of a *Statthalter* for Bremen, for example, it was proposed that Bremen and Oldenburg should be united. At the same time, the representatives which the various states had appointed to represent them at the capitals of the other states were in some cases immediately done away

with. Thus a beginning was made in the simplification of the structure of the Reich and the opportunity given for the elimination of a part of the tremendous bureaucracy which was caused by this complicated and irrational structure. It is a tribute to the energy of the National Socialists that they at once attacked this problem whose difficulties were so largely artificial, but which had always been considered "untouchable" by the other parties.

Of greater importance than this political *Gleichschaltung*, however, was the seizure by the National Socialists of the entire economic apparatus. In general, this took place according to two main lines of attack—first, against the labor unions and second, against the old ownership and management of industry. However, the two lines of attack were mutually connected, and the attack upon the ownership and management of industry was frequently successfully carried out through a flank movement by the labor unions which had already been conquered by the National Socialist labor organization, the N. S. B. O. On the other hand, great pressure was brought upon the laborers to join the National Socialist unions through the threat of dismissal from the management which had been brought under National Socialist domination.

Immediately after the accession of the National Socialists to power, the Association of German Manufacturers had hastened to give assurance of its willingness to co-operate in every way with the economic program of the National Socialists. The direction of this organization was hopeful that in this way the hostility of the National Socialists could be lulled and that after the first period of the Revolution had passed the control and organization of industry would continue very much as before. It had been possible to "co-operate" with the Social Democrats in 1918 in this way until such time as the complete power had passed out of their hands and until the radical ideas of the leaders had been properly modi-

fied through the mollifying effect of association with practical business men.

The direction was somewhat concerned lest a National Socialist commissar should be set over them, but they hoped that this also could be avoided. Their surprise must have been painful indeed, when the management was simply dismissed and two commissars installed who were to be under the direction of Dr. Wagener, the chief of the economic department of the National Socialist Party. Shortly thereafter Wagener was given the post of Economic Commissar for the entire Reich. In this way the Party attempted to prevent any opposition to the plans of the Party from the Association of German Manufacturers, for all decisions of the Association were hereafter only to be taken with the consent of the competent officials of the National Socialist Party itself.

The question will no doubt arise as to why the Association did not oppose this conquest and why the management simply turned over control without protest. The answer is that if the directors had refused to resign they would have been arrested. If an energetic protest had been made it is likely that the management would have been subject to physical mistreatment. The knowledge that this often happened was enough to produce such a state of terror that rarely was a pointblank refusal to carry out economic *Gleichschaltung* received.

Gleichschaltung of the character described in the case of the Association of German Manufacturers was to take place in every economic association in Germany. The newspapers reported *Gleichschaltung* of the wholesalers' association, the retail dealers' association, the association of expressmen, the association of technicians, associations of tailors, dentists, doctors, lawyers, teachers, of the owners of book publishing concerns and all the vast miscellany of economic associations in municipality, state and nation. The three principal agricultural organizations likewise went through the process of *Gleichschaltung*. As

in the case of political *Gleichschaltung* the foundation was laid at the same time for the amalgamation of rival or parallel organizations, with the purpose of simplifying the economic structure and preparing for the corporative state.

This conquest of the industrial and commercial associations was carried out in various ways. Sometimes the anti-Semitic movement was used as a means to bring it about. This was true, for example, of the chambers of commerce in the different cities, where many of the officials were Jews. The Jews were compelled to resign and then new elections were held. A slate would be prepared by the National Socialists who were members of the chamber, and the slate would be elected with a dispatch which was reminiscent of similar "elections" in Moscow. If there were no National Socialist members it was sometimes necessary to install a commissar and to bring in officers from outside to fill the positions. Where there were no Jewish members of an association, the National Socialist members nevertheless called for new elections and if the request was not acceded to, a commissar was appointed to make *Gleichschaltung* effective.

The next step after the conquest of the industrial and commercial associations was the seizure of control over the individual corporations or enterprises. This process meant, of course, a kind of nationalization of industry on a new model. As in the case of the associations, the first opportunity for the seizure of the control of private enterprises came from the anti-Semitic movement. During the period of the boycott and thereafter, the Jewish owners and managers of enterprises were compelled to "resign," and new directors were appointed or a commissar for the business was appointed.*

Having started with the Jews, the movement spread until repeated orders against deposing the management,

* *Voelkischer Beobachter*, April 6, 1933, for an account of the *Gleichschaltung* of the board of directors of the Tietz department stores.

interfering with the technical and sales divisions of the factory or other similar acts had to be given by the National Socialist leadership of the N. S. B. O., who feared that the movement would get completely out of hand.¹⁰ These orders did not by any means imply that the *Gleichschaltung* of private industry was to cease. They meant, rather that the Party had resolved to regularize the process. In an article in the *Voelkischer Beobachter*, the Party economic expert in the Düsseldorf district called attention to the imminence of a great "cleaning of the economy" in Germany. Directors who had used their office for personal enrichment and who had dismissed thousands of workers "in the name of rationalization" while they retained their own fat salaries would be called to account and eliminated.

It is possible to get some idea of the functions which were exercised by the commissars who were installed in individual enterprises and business associations from the speech which the leader of the film department of the Party made in Munich on April 18.¹¹ He reported that he had succeeded in a very short time in completely ridding the moving picture industry of Jews, that action had been taken to reduce the fantastic salaries of stars, directors, and distributors, and to reduce advertising. He stated also that there were too many theatres and the surplus ones were to be eliminated. The ones to be eliminated could be divided into two classes, those which were commercially unsound and those whose owners did not conduct themselves "seriously, properly and professionally towards their colleagues."

In justice to the National Socialists it must be noted that there was not the public opposition to this intervention in private industry which might have been expected.¹² Furthermore it should be noted that this intervention

¹⁰ *Voelkischer Beobachter*, May 15, 1933.

¹¹ *Voelkischer Beobachter*, April 19, 1933.

¹² See Chap. II, pp. 21-24, for an explanation of the complacency of the stockholders.

was somewhat restricted, since owners and managers who were members of the National Socialist Party or who had a record of being "nationally minded" were generally protected against intervention.

During the *Gleichschaltung* of industry the conquest of the labor unions was proceeding without interruption. In the *Berliner Beobachter* section of the *Voelkischer Beobachter* for March 19 and 20 there appeared the following article, which well illustrates some of the details of the conquest:

MARXIST WORK'S COUNCIL OF THE B. V. G. DRIVEN OUT

THE N. S. B. O. SETS A NEW WORKS' COUNCIL IN OFFICE

On Saturday noon the Marxist works' council of the B. V. G., at whose head stood the red bureaucrat Flieger, who has been especially "friendly" to us National Socialists, was driven to the Devil. Party comrade Sandkamm, the leader of the skilled group of the B. V. G., reports to us the following about it:

"This morning at eight o'clock I ordered the president of the works' council of the B. V. G., Julius Flieger, to give up his office and resign by twelve o'clock noon. At five minutes to twelve noon, I met Flieger and Loll on their way to the works' council room on Potsdamer Platz and asked them where they were going and what they thought about the matter of their resignation. They wished to argue but I told them that evasion was useless and said that if they did not go of their own free will I would employ force. Intimidated by this, they both turned over the office of the works' council to a commissar who was installed by me as an overseer of the works' council, and made off like wet dogs, each with his little bundle under his arm. The result of this is that I have instructed my people immediately to prepare new elections for the works' council and for the labor council. At the same time I sent Rontsch, a member of the employee's council, into the desert and replaced him likewise by a Party comrade. The Messrs. Flieger, Loll and Arendt in the future will serve as car washers!"

The leaders of the "free" trade unions had followed a non-militant policy for years. They had made no effective

protests against the series of wage reductions which had taken place under the preceding governments. They had used their influence to preserve "discipline" among the workers and had thus prevented general strikes against von Papen, von Schleicher and Hitler. The National Socialists now made it plain that there was to be no place for the "free" trade unions in the Third Reich. The workers began to refuse to pay their dues, since the impotence of the unions had been demonstrated and it was evident that nothing was to be gained by belonging to them any longer. Meanwhile the steady pressure on the laborers to join the National Socialist work's cells was kept up.

A new decree was issued providing that an employer could discharge men whose attitude toward the state was hostile. In connection with the decree an explanation was made that membership in a Marxian labor organization was not to be considered cause alone for discharge, but the operation of the decree was not to be restricted to men who were Communists. All over the Reich, the N. S. B. O. unions compelled the directors of factories to dismiss employees who had been prominent in connection with the old trade unions or who insisted on retaining their membership. In Kiel when the management of one plant refused to take this action which had already taken place in the other plants in Kiel, the workers succeeded in having the management dismissed.¹⁸

The numerous cases where the N. S. B. O. had succeeded in removing the management or in forcing the management to accede to various demands, naturally played a great rôle in establishing the reputation of the N. S. B. O. as a militant workers' organization, in brilliant contrast to the old unions. Hundreds of thousands of workers poured into the National Socialist work's cells. The movement was greatly aided by a huge campaign of propaganda upon the part of the National

¹⁸ *Voelkischer Beobachter*, April 22, 23, 1933.

Socialists. The offices of the old unions were repeatedly raided, and the union leaders arrested. Shortly thereafter statements would be given out that upon the examination of the books of the unions it had been discovered that embezzlement had been rampant and that the officials of the unions had been systematically robbing the workers. Mixed in with such accusations would be reference to the sending of the money of German workmen abroad for the support of the international labor movement and to the contribution by the labor unions to the election funds of the Social Democratic Party. Although it had always been known that this was done and no effort had been made to conceal it, the inference was that it was all part of the gigantic sink of corruption which was supposed to have characterized the whole trade union system. Naturally, the National Socialists saw to it that during this period there was no more lowering of wage rates and thus still further built up their reputation as real defenders of labor. It must be said, however, that it was never part of the National Socialist program or philosophy to lower wages, although such employers as had supported the Party in its rise to power probably believed that this was so.

During this period of undermining the old labor unions the National Socialists were under the necessity of outmaneuvering the conservative Nationalists in this field also. Hugenberg, who was still nominally the head of the Ministry of Economics, although actually with very little power, favored a policy of destroying the old unions and supplanting them with weak "yellow" company unions. As a sop to him, immediately after Hitler's accession to the Chancellorship, it had been decreed that these unions, of which a few already existed, were to be legally recognized in negotiating wage agreements on the same basis as the other unions. However, the National Socialists soon thereafter made it evident that they had not meant this to be taken very seriously. When the National-

ists tried to hold meetings of workmen to extend the membership of these unions they were attacked by the National Socialists. At one such meeting about the middle of May, 15 Nationalists were so badly injured by National Socialists that they had to be taken to the hospital. The unions already existing which had been under Nationalist leadership were forced to accept National Socialist leaders.

As a climax to the campaign of the National Socialists on this front an enormous demonstration was staged at the Tempelhof Field in Berlin. Almost a million workers attended the meeting which was addressed by Hitler. Not only German workers' representatives were present but representatives from Austria were there also. The choice of the first of May, which was declared a national holiday, was of course a challenge to the Red unions which had always celebrated it as the day of the international proletariat. The celebration far surpassed any previous gathering of workers which had ever been held in Germany and perhaps in the world. No doubt this could partly be accounted for by the fact that for the first time the workers received a full day's pay for their part in the celebration.

The following day the houses of the "free" trade unions were occupied by detachments of S. A. and it was announced that they had been taken over by a special commissar appointed for the purpose. The leaders were arrested. Shortly thereafter all the property of the labor unions was confiscated, although it was announced that it was to be used for the laborers themselves and not for any other purpose. The reason which was given out for taking over the unions was that the membership was falling off so rapidly that they would have soon been bankrupt and, as a consequence, the taking over of the unions was necessary to protect the interest of the workers. The "Christian unions" and the Hirsch-Dunker unions had already announced their willingness to accept *Gleich-*

schaltung, so that no special action was taken in their case at the moment. The intention of the Party to amalgamate the three main union organizations and the other miscellaneous organizations with their N. S. B. O. into a "German Labor Front," was announced. It was promised that as a result of this simplification of structure and the dismissal of a large part of the old union bureaucracy, union dues were to be lowered eighty per cent. Shortly after the taking over of the labor unions, the consumer's co-operatives were also seized by the National Socialists.

The consternation of the conservative Nationalists at these happenings in the economic field can well be understood. Their worst fears were being realized even more rapidly than they had imagined could be possible. The hope that they could manage the National Socialists in 1933 as they had the Social Democrats in 1918 and 1919 had been ruthlessly dispelled. A number of industrialists who had openly opposed the National Socialists had been summarily removed from their position as directors of industrial undertakings. The remainder shivered with apprehension. If the investors were not as much disturbed at what had been happening as might have been imagined, the directors were even more alarmed than one would have thought possible and for the very same reason. Since many of the industrial properties were not paying dividends the real property value lay in the right to be a director or to appoint the directors. If this was lost all was lost. Thus this sort of nationalization was perhaps more painful than the kind which the Social Democrats had considered but had not put into effect in 1918. The Social Democrats had played with the idea of nationalizing industry but retaining the old management on liberal salaries. The director who lost his job in 1933 often had neither salary nor income from investment after the unfortunate event had occurred. The directors who still held office were shocked to discover that the National Socialist unions which were to do away with the class

struggle were more militant by far than the old labor unions.

Hugenberg, who had thought he had made a clever bargain with Hitler which would insure his economic dictatorship, observed developments with a bewildered apprehension which would have been pathetic if one had not remembered that he had been completely outmaneuvered, not by allies to whom he had always been trustingly faithful but by the leaders of a movement which he had boasted he would switch from the track of national socialism to the track of pure nationalism at the proper time. He was now able to contemplate the degree of success which he had had as switchman, and the results of his contemplation frightened him. He issued a statement on April 20 in which he said that in answer to numerous inquiries he had found it necessary to make it plain that:

1. The Nationalists were equal partners in the coalition government. They had carried on bravely the struggle for the revival of nationalism by the side of the National Socialists from the very beginning. The Nationalist members of the cabinet had no thought of resigning. Besides, it should not be forgotten that the Enabling Act had been passed for the entire cabinet and not just for the National Socialist Party.

2. The Nationalists should have the same right to organize into labor unions as the National Socialists.

3. In connection with the *Gleichschaltung* of industry it should not be forgotten that direct action in industry could change the existing situation *de facto* but not *de jure*.¹⁴

The only answer which the National Socialists gave was to break up Nationalist labor union meetings and to continue their program of taking over industrial plants without any decline in vigor.

The continuous announcements of discoveries of embezzlements, fraud, defalcations and other financial

¹⁴ *Münchener Zeitung*, April 21, 1933.

crimes of former politicians and directors of businesses were often closely connected with *Gleichschaltung*. Charges of misconduct of this sort were often directed against the Social Democrats and against trade union leaders. But charges against members of the Catholic political parties and even against conservative Nationalists were also made. The names of persons of title and well-known business men sometimes appeared in the news of such arrests, so that it cannot be said that these actions were only aimed against former Marxian governmental officials.

It is hard to say what proportion of the charges were supported by real evidence. Denunciations poured into the offices of the Party and of the government at such a rate that even Göring issued a statement against anonymous denunciations. Hugenberg also issued a statement in which he tried to stop the continuous announcements of "discoveries" of financial scandals which were only based upon statements by former employees who held a grudge against their employers. Undoubtedly the Party used these announcements as an excuse to arrest persons whom they would otherwise have hesitated to touch, and they also used the announcements as a means of discrediting the officials of the former governments as well as the directors of businesses whom they wished to remove from their positions. There is no doubt, however, that they did uncover many cases of actual corruption, as well as cases of the conscienceless waste of public funds.

Huge numbers of arrests continued to be made for months after Hitler's accession to the chancellorship. In May Göring announced the formation of a secret police. In many cases there was no public announcement as to the cause of the arrests which were made either by the police or by the Storm Detachments. Sometimes the arrests were made very quietly and secretly, and sometimes the persons who were arrested were paraded before mobs who howled and hooted at them. Every now and again

an announcement would be made that a couple of thousand prisoners had been released from the concentration camps, but the total must not have diminished nevertheless, for new arrests always took place.

The expense of maintenance of such masses of prisoners resulted in an order that they should be required to pay for their own food. If any were too poor to do this, more well-to-do prisoners might be required to pay for the food of these.

Late in July Göring instituted the death penalty for a whole series of crimes, including attacking or conspiring to attack National Socialists and attempting to sabotage the National Socialist Revolution. This last was apparently aimed at the group within the Party who had been advocating the "Second Revolution." This evidenced the fierceness of the struggle between this economically radical group and the violently reactionary group headed by Göring.

Drastic as had been the campaign of *Gleichschaltung* on the economic and political fronts, it was matched by the campaign on the cultural front. Activity in the field of education largely took the form of anti-Semitism and has already been described in this aspect. It was directed as well against all forms of pacifism and Marxism, however. A new code of "student law" was drawn up. In the universities and technical schools *Studentenschaften* composed only of students of Germanic blood were formed. The leaders of the *Studentenschaft* were appointed by superior authority and the *Studentenschaft* was then given considerable powers in the direction of the universities. It was emphasized that an important part of the educational process at all levels was to be the inculcation of the martial spirit. In Anhalt it was ordered that all pupils who graduated from the public schools were to be given a copy of *Das Diktat von Versailles*, by Party Comrade Hiller instead of a copy of the Constitution of Weimar as formerly.¹⁵

¹⁵ *Voelkischer Beobachter*, April 12, 1933.

All sport and athletic associations also went through the process of *Gleichschaltung*. Hiking, tennis, swimming, and gymnastic clubs which had been associated with the Social Democratic or Communist parties, or with the Marxian labor unions were dissolved and their possessions confiscated. Even clubs with such purposes as "nature study" did not escape. Clubs and associations which had no particular political connection were required to elect National Socialist officers and to expel all Jews, Communists and prominent Social Democrats.

Naturally the opera, the theatres and the movies were included in the program of "cleaning" and nationalizing. Not only were the directors of operas, orchestras, and theatres who were of Jewish race removed from office, but the same action was taken toward actors and musicians also. Nor was the cleaning confined only to the Jewish element. If the director of an opera or orchestra was disliked by the National Socialist "cell" he was cleaned out, no matter how "Aryan" his blood. This phase of "cleaning" was carried out under the direction of the National Socialist "Battle Union for German Culture."

The theatre, the opera and the movies were given over to pieces in which the national and patriotic motives were emphasized. *Schlageter*, a play based upon the execution by the French of the saboteur-patriot, Schlageter, during the Ruhr invasion was especially favored during this period. The moving pictures, since they reached the masses more effectively even than the theatre and the opera, were utilized to the limit as an organ of propaganda. One of the pictures which had its premiere at the end of March had for its title *Blutendes Deutschland*, and it did indeed drip blood and hatred for other countries at every flicker of the film.

All these efforts were directed by the newly created Ministry of Propaganda under Goebbels. The radio was of course included in the instruments used for stirring up the mass of the people, and the newspapers were not for-

gotten. A sort of *index expurgatoris* was set up and books by Jews, pacifists and Marxists were gathered up by the thousands from the public libraries and the loan libraries and burned in gigantic public bonfires by the students. With these books were included the mass of pornographic "literature" which had become so all-prevalent in Germany after the war.

It soon became plain that the National Socialists had no intention of delaying the destruction of all other political parties in Germany. The sugar had come off the threat by which Hitler had induced the bourgeois parties to vote for the Enabling Act, for rapid steps were taken against all political parties and organizations affiliated with them. As early as the middle of May all the property of the Social Democratic Party in Germany had been confiscated. In June all Social Democratic members of legislative bodies in Bavaria were ordered to surrender their mandates. At about the same time large numbers of members of Catholic organizations in Bavaria were beaten and otherwise mistreated. In Mecklenburg-Lübeck all youth organizations not associated with the National Socialist Party were ordered dissolved.

On May 20, Reichsminister Goebbels was able to say, "The National Socialist Party is in itself the state."¹⁴ Following a relentless and continuous but unofficial pressure against the Hugenberg Nationalists, which in many cases had led to physical violence and to countless arrests, the *Voelkischer Beobachter* of June 11 came out with unconcealed propaganda in favor of the dissolution of the Nationalist Party. Thus was undertaken the final step in the conquest of that totality of power which Hitler had always demanded.

Events thereafter moved with great rapidity. On June 22, the uniformed detachments of the Hugenberg Nationalists were ordered dissolved. On June 23, the Social Democratic Party was forbidden and the man-

¹⁴ *Ibid.*, May 20, 1933.

dates of its deputies cancelled. On June 27, the Nationalist Party dissolved itself. On June 29, Hugenberg's enforced resignation was accepted. Richard Darré took over the Ministry of Agriculture and Kurt Schmidt became Minister of Economics, with Gottfried Feder Under-Secretary in the same ministry. Anticipating the signing of a concordat between Hitler and the Vatican, the Centrists and the Bavarian People's Party announced their dissolution on July 5. The other parties had already been dissolved or were dissolved shortly thereafter. Hundreds of arrests of party leaders took place during this period. Laws were now drawn up forbidding the existence of any party other than the National Socialist. In little more than five months after his acceptance of the leadership of the "Coalition of National Resurrection" Hitler had achieved his goal of the totalitarian state.

The activities of the National Socialist Party since it had felt the state power securely in its hands demonstrated very plainly that the Party was a party of action which was determined to break sharply with conditions as they had existed under the Weimar Republic. These first months of power had proved that the Party was not just another group of office holders. These months of action had proved that the Party was neither the creature of the industrialists nor of the Junkers. They proved that the end of Western liberalism, individualism and personal liberty had come in Germany. In short, these first months of National Socialist rule demonstrated that Germany had really entered the Third Reich.

CHAPTER VII

FUNDAMENTAL PRINCIPLES AND CHARACTERISTICS OF NATIONAL SOCIALISM

It is difficult to speak with precision of the principles and characteristics of National Socialism. The only absolutely official statement of Party principles is to be found in the twenty-five points of the National Socialist Party's program which was adopted February 25, 1920, and declared unalterable by a Party congress, May 22, 1926. It is impossible, however, to find finality even here, for it is quite well understood that this program may be modified in practice. Moreover, the twenty-five points are by no means a comprehensive statement of the complete philosophy and program of the Party.

Hitler's book, *Mein Kampf*, is an important authority on Party doctrine, although it was written in 1923 and cannot be expected to represent in absolutely final detail the principles of the Party today. The authority of the writings of other leaders, such as those of Feder, Goebbels, Rosenberg, and the Strasser brothers, waxes and wanes as the prestige and power of the leaders are augmented or diminished by the outcome of intrigues within the Party. Thus Otto Strasser has long been excluded from the Party and Gregor Strasser is completely out of favor for the moment at least.

If one should turn to the speeches of the leaders of the Party which have been delivered to audiences during the long years of the Party's struggle for power, it would be found that almost every theory and idea which might serve the purposes of propaganda have been advanced at one time or another. The Party has had at times to be simultaneously all things to all men in all parts of the

Reich in order to maintain its voting strength during the days when popular favor had to be courted.

Furthermore, the Party has always depended upon emotion rather than rationality and it is not to be expected that it would have developed a comprehensive, rational and consistent philosophy.

It is often necessary, therefore, to turn even to sources which are not formally identified with the Party in order to understand its beliefs and doctrines. For example, many of the doctrines of the Party which are generally accepted, particularly among the National Socialist students of the universities, have been evolved and preached by *Die Tat Kreis*, a circle of young intellectuals who publish a semi-monthly journal *Die Tat* and a daily, the *Tägliche Rundschau*. While the influence of this circle has been important, some of its members do not belong to the Party and their publications have run afoul of the censor since the advent of National Socialism to power, when articles to which the Party leaders took exception have appeared. The really basic characteristics of the Party can only be understood from a study of the beliefs, hopes, prejudices and hates of its members and leaders, and from observation of the acts of the Party before and after it came to power.

The world in general and the opponents of the movement in Germany in particular have been fundamentally in error, in at least one respect, in their conception of National Socialism. This error consists in the belief that Adolf Hitler is the National Socialist Party. Formerly, it was always accepted as a corollary to this theorem that Hitler was simply a demagogue with a remarkable talent for propaganda and organization. This corollary, since Hitler's triumph, is no longer unanimously accepted and there is now an alternative one which maintains that Hitler is a genius after the order of Lenin or Mussolini. It was easily concluded from either of these corollaries that National Socialism was created by Hitler; that its policies

and program depend wholly upon his fiat; and that the movement would collapse without his personality. None of these conclusions are correct, although it is perfectly possible to make out quite a sound case for the second corollary.

✓It would be ridiculous to deny that the character of the National Socialist movement has been profoundly influenced and its development largely shaped by Hitler. Nevertheless, it should not for a moment be forgotten that National Socialism is just as truly a mass movement as is Communism. Hitler has himself always insisted that National Socialism is a mass movement. He has expressed his desire that there should be a healthy interaction between the spontaneous demands of the Party membership and the directives of the Party leaders. In an address which he made in April, 1933, to the leaders of the Storm Detachments, he said, "They say I am a dictator. I say, No! There are ten thousand dictators in the Party." The mass character of the movement was further illustrated when, in discussing the Jewish boycott with the writer, a Party leader said that it was impossible to call off the boycott since it was the spontaneous expression of the will of the Party membership. If it were forbidden by the authority of the Party leaders, a serious injury might be done to the dynamism and enthusiasm of the movement.

In contrast, however, to either of the forms of Marxism in Germany, Communism and Social Democratism, the National Socialist movement did not derive its force from the masses of the urban proletariat. ✓The masses which gave weight to the movement were the ruined aristocracy, the over-burdened lower middle class, the discontented peasants, and the youth of the universities, inflamed against a world which offered them no future. The Party membership included only that fragment of the urban proletariat which saw no immediate hope in Communism.

It has hardly been realized that the middle class, when under sufficient economic pressure, is as liable to infection by the mob psychosis as any other class. Under the circumstances which existed in Germany it was possible to sweep this class into a movement as characterized by enthusiasm, passion and hate, as was ever Communism. It is consequently possible that the changes brought about in Germany as a result of the conquest of power by the National Socialists will be as sweeping and as drastic as those brought about by the Bolshevik revolution in Russia.

✓ It is true that the philosophy and program of National Socialism is much less coherent, simple and definite than that of Communism. It is to be expected, indeed, that the philosophy and program of the National Socialist movement will assume form only now that the Party is in power. But it should not, therefore, lightly be assumed that the movement is so devoid of fundamental doctrines that its only policy will be that of opportunism. On the contrary, the hates and desires of both leaders and masses in the movement are sufficiently powerful to give direction to the policies of the Party.

To a significant extent, the motives, purposes and mental processes of the Party leaders are not those of normal men as the term is understood in liberal, bourgeois, peace-time society. No doubt this is true merely because we have given a special content to the term "normal." The viking leader, the military adventurer, the religious fanatic and the revolutionist, would find much in the psychology of the National Socialist leaders "normal" and much in the psychology of the average business man abnormal and even incomprehensible.

✓ The burning of public buildings for propaganda purposes and the official dissemination of tales of bombardment of the country by propaganda laden airplanes, for example, seem inexplicable, since in France, in England or in the United States, such actions would be consid-

ered those of lunatics or madmen. But in Germany, no one would dare to consider them so and, practically speaking, no one does. These "abnormal" acts under "abnormal" circumstances become normal. Trivial in themselves, they are evidence of the radically different state of mind which now exists in Germany.

✓ To the Western world the measures against the Jews, the mass arrests, the countless acts of violence against unresisting men, the denial of freedom of speech, of the press and of thought, seem abnormal, although far more violent acts have occurred in other countries and in other times. These acts were abnormal in a country which was still part of the modern Western world. They are not abnormal in Germany today.

✓ So, likewise, the ambition of the National Socialist leaders to re-Nordicize Germany, to provide Nordic tutelage for the rest of Europe and to substitute the morals and customs of a tribe of warriors for those of urban capitalism, seems fantastic. It would be a serious error, however, to assume because the purposes of the Party leaders are "abnormal," that they are non-existent. They may, indeed, be impossible of even approximate attainment, but they are wholly real in the sense that they are effective stimuli to action. We can only expect, consequently, that the Party leadership will produce developments and events which will often appear monstrous and grotesque if measured by customary standards.

✓ The great "cleaning" in the leadership of the economic, political, social and cultural apparatus of the country and the filling of the vacated posts by National Socialists might give color to the belief that the movement had been utilized by the leaders only to find themselves jobs. This belief would be incorrect. The writer does not for a moment maintain that the National Socialist leaders are an unselfish band of devoted idealists, entirely unaffected by the sordid urge of ambition, for by and large quite the contrary is true. But personal ambition is not at all incon-

sistent with fanaticism, and the leaders of National Socialism with certain notable exceptions, are fanatics. No doubt when Islam first rose to power in Asia, all of the free sword-hands of the desert flocked to the banner of the new religion which offered such gorgeous opportunities for looting the wealth of the unbelievers. But this did not mean that ~~these same~~ swordsmen did not in countless cases become true zealots, although the process of evolution did not cause these converts to be any the less insistent upon their share of the loot when the next city was plundered. ✓

So likewise in the National Socialist movement. The fanaticism of the leaders has not hindered their willingness to accept the offices which were to be filled after the unbelievers had been swept from power. ✓ No doubt also the prospect of filling the offices helped to convince the leaders that it was the will of God that the Marxists and other beneficiaries of *Das System* should be cast out. Nevertheless, the fixed belief in the necessity for the complete conquest of every organized form of human activity in Germany, if a new order was to be set up, was also a basic factor in this decision. Personal ambition and belief in party doctrine here marched hand in hand. The fulfillment of ambition served to strengthen fanaticism. The careerist often becomes a fanatic when material rewards demonstrate the validity of the faith.

It is the conviction of the writer that Hitler and many of the other leaders always believed in the Party program. One cannot disprove this by demonstrating that the twenty-five point program has in it demands which are inconsistent the one with the other, as well as demands which could never be realized. The leaders were not always able to recognize these inconsistencies; they did not admit that demands impossible of achievement actually were so; they must when in power yield to actualities just as did Lenin when he inaugurated his New Economic Policy. Moreover, the twenty-five points were

never anything but a means of materializing the emotional beliefs, wishes and hatreds which are, after all, the foundation of the movement.

There were times, no doubt, when the faith of the leaders in the validity of their doctrines must have been shaken, and at no time more than during the period just before the conquest of power. But once complete power in the Reich was in their hands, these doctrines took on increased sanctity and prestige. With these doctrines they had conquered a great nation! The movement began to assume more than ever the aspect of a cult which gave its followers invincibility. That the doctrines were not simple, that they were difficult to interpret, that they even appeared inconsistent, only meant that they must be studied the harder, particularly by new converts. So midnight oil must be burned while *Mein Kampf*, the twenty-five points and the writings of Rosenberg and Goebbels *et al* must be committed to memory by the faithful. The faith and devotion of the proselytes naturally reacted upon the leaders and strengthened their belief in the Party doctrines.

No doubt as unexpected obstacles are confronted, which have to be circumvented by new tactics, Hitler will give out new pronouncements on the "General Line of the Party" after the model of Stalin. Both the truly devoted and the careerists will have to master the new intricacies of doctrine just as they have had to do it in Soviet Russia. Yet this is not necessarily either demagoguery or mere opportunism.

It must not be forgotten that Karl Marx did not lay down a blue print of the structure, mechanism or method of operation of the communist economy which he believed was to replace that of capitalism. The Soviet economist who is confronted by the problem of whether the trusts in a certain industry should be organized on a vertical or horizontal basis or of how to retain the advantages of authoritative direction while avoiding the evils

of bureaucracy, would find little to aid him in the solution of his problem in *Das Kapital*. The function which Karl Marx really performed for Communism was to equip it with the theory of surplus value, of the class struggle and of economic determinism. Now all these concepts are not so much theories of the essential character of a Communist state as they are slogans which serve as weapons for the overthrow of capitalism. After the Russian form of capitalism was overthrown, Lenin first and Stalin after him had to decide what Communism really was and how it was to be attained.

Thus in the case of National Socialism it was enough that the members of the Party should be guided by the leaders in the development of certain amorphous yearnings and blind hatreds into a force which could be utilized for the overthrow of the existing system. The yearnings and hatreds were the foundation of the movement and they are powerful enough to insure that drastic action will be taken in an attempt to satisfy them.

National Socialism is fundamentally opposed to the democratic principle, whether in the economic or the political field. According to the doctrines of the Party, reliance upon majority rule makes for indecision, hesitation and cowardice. Consequently, the principle of leadership is substituted for the principle of democratic rule. Just how this leadership is to be selected as a matter of principle and routine remains very vague. Under such circumstances a change in the supreme leadership would probably be accompanied by a scramble for the purple just as happened in Soviet Russia during the illness which preceded Lenin's death. The most ruthess, the most calculating, and the best manipulator of the Party machine would be likely to win. This presents no problem at the present time, however, since the unquestioned fountain-head of authority is Hitler.

The contempt for democracy is accompanied by a similar attitude toward the parliamentary system. What is

even more important is the contempt which is felt for legal niceties and for the whole system of abstract and rationalized jurisprudence. This is manifested in some degree by the expressed intention of the National Socialists to substitute the old Germanic law for Roman Law as the basis for the legal code.¹ More practically this is expressed by the actions of the National Socialists on all fronts, which have in no case waited upon the passage of statutes or upon court decisions. There is no recognition at all of the theory of the protection of life and property by the courts against the action of any branch or organ of government. If an individual or corporation has suffered damage on account of some action by a governmental organ or by some Party organization, redress cannot be counted upon through the claim that the action transgressed the general rule or was contrary to precedent or to statutory law.

✓ Closely associated with this contempt for legality is the dynamic, radical and emotional character of National Socialism. In this respect, also, it resembles Russian Bolshevism much more than it does the Italian Fascism. The psychological resemblance to Russian Bolshevism is noticed by almost everyone who is familiar with Soviet Russia. As a Russian emigré prince said to the writer, "The National Socialists are not Communists but they are certainly Bolsheviks."

✓ The difference from Italian Fascism depends largely upon the fact that National Socialism came to power after more than a decade of intensive and unremitting propaganda. During this period the Party membership had its emotions aroused by countless radical and revolutionary speeches. Burning hatred was stimulated by brawls with opponents, by the determination to avenge the hundreds of its members slain and the thousands wounded in these brawls, and by the lust excited by the still greater numbers of its opponents slain and wounded. Through these fourteen years the older members had

seen their hopes excited only to be disappointed. Their loyalty had been maintained only by means of the promise of action and unlimited freedom for the satisfaction of hopes and hatreds with the dawn of the Third Reich. By contrast, Fascism in Italy came to power without the necessity for the radicalization of the broad masses of the population. It was consequently possible to carry out the plans of the leaders without overwhelming pressure from the mass. Instead, the education of the Italian population in Fascist ideas and beliefs could be carried on by a leadership which already felt the responsibility of power. Of no less importance is the fact, to which attention has already been called, that the leaders of National Socialism had themselves become affected by the years of carrying on a violent propaganda.

The fanaticism of the mass of the Party is so deep and fervent that it can hardly be understood by the peoples of Western Europe, the United States and the other parts of the world who still cling to the old rationalized civilization. This type of civilization is the product of urban capitalism. Its essence has been the substitution of rationalism for emotion as the motivation for action. It has been a slow development which has been possible only through the domination of the masses by those classes of urban capitalism who have generally been rational rather than emotional and who have sought to safeguard the comfort and ease of life by reducing violence to a state monopoly used only as a last sanction against the violent actions of individuals.

It is rather puzzling how the Western world came to be ruled by this liberal rationalism, since emotion is so much more powerful in determining the actions of most men than is reason. Hitler, as his discussion of the psychology of propaganda in *Mein Kampf* so well shows, perfectly understood this superior power of the emotions over reason in influencing most people. He understood it in spite of the fact that he is himself a fanatic.

✓ The world in which the German people now live is not entirely new. The lives of men during the period of the religious wars, for example, were governed by fanaticism, suspicion, hysteria and hate. So ✓ today in Germany, hate of the Poles, the Czechs, the French, the Jews, the Catholics, the Communists and the Social Democrats, and the thrill of direct action on all fronts, are a substitute for the tamer pleasures of golf, ✓ bridge, prize fights, the stock market or jig-saw puzzles. ✓ To live the liberal, rational and comfortable bourgeois life in Germany is becoming constantly more difficult. Given this reversal of men to the more primitive emotions it is not likely that future developments in Germany will be either peaceful or moderate. Conditions in Germany were particularly favorable for throwing off the mantle of modern liberal rationalism, and in Hitler there existed the leadership to carry out the transition in a remarkably short time. With similar conditions and similar leadership it is probable that the mantle would be cast aside in other countries as well.

✓ One of the most fundamental principles of National Socialism is the insistence upon the decisive rôle of race in all aspects of human life. With this principle almost every other concept of National Socialism is related. Simply stated the National Socialist doctrine of race is as follows:

- The Germanic or Nordic race is superior to all others of the earth. It is the most gifted in all the noble virtues. It is the most warlike and the most fitted to rule. The task of National Socialism is first to unite all Germans under one rule and to insure that there will be adequate room for the expansion of the Germanic race, and second to assume the leadership in world culture which is the natural mission of the race.

So stated, the matter seems simple enough. However, there are serious complications. The racial theorists and propagandists of the National Socialist movement realize and confess that in Germany not more than ten per cent

of the population are of the blue-eyed, blond-haired, long-headed, tall type which is truly Nordic. For it happens that men who have blue eyes unfortunately are often found to be round headed, men who have blond hair are often of small stature, and men who are tall sometimes have brown or black eyes accompanied by the same shade of hair. This is due to the fact that a great deal of racial admixture has taken place through the ages.

More unfortunate still, the proportion of men with strikingly Germanic characteristics is steadily decreasing, due to the fact that modern conditions of life under the urban, industrial, capitalistic system is not conducive to the propagation of the Germanic or Nordic type. Courage, devotion, pride, loyalty, the will to fight, and the other warrior-like qualities do not have a high commercial value. The Nordic type which possess these qualities have been able to maintain their station in life only by means of the restriction of the size of the family. In recent years even this has not sufficed, and the position of the true Nordic has become intolerable. A continuation of the existing system would lead finally to the extinction of the Nordic element in Germany, just as, so the theory holds, it has already become practically extinct in Italy, Spain and others of the degenerate Mediterranean countries and is very nearly extinct in France. This theory is, of course, easily recognizable as that popularized by Huston Stewart Chamberlain.

The National Socialists have taken the theory and made it one of the most important articles of their faith. However, just what is to be done about this matter of race remains in some obscurity, except in so far as the Jews are concerned, where something approaching absolute definiteness of policy exists. ✓ Apart from the Jews, all other inhabitants of Germany are considered for practical purposes to be Aryan. In fact, the official definition of an Aryan in Germany at the present time, is one who is not a Jew. It is not true, however, that all "Aryans"

in Germany are of the pure Germanic type. What then is to be done about the matter? No one has gone so far as to propose that the non-Germanic type should be excluded from the right of belonging to the German nation as is done with the Jews. However, there have been proposals made that those who are of noticeably non-Germanic type should refrain from having children or should at most have only a limited number of children. Some enthusiasts have even discussed sterilization for the most pronounced non-Germanic types, but this is certainly not seriously considered by the Party leadership.

✓ What is practically of more importance is the program of the Party for re-creating conditions of life which it is believed will make it possible for the Nordic type to be prolific enough to restore gradually the Nordic character of the German people. Of great importance in this connection is the process of "cleaning" the undesirable elements out of the positions of leadership in the economic, political and cultural life of the country, where they have been pushing out the desirable Nordic type ever since the rise of capitalism and the triumph of the ideas of the French Revolution and at an accelerated rate since the overthrow of the Monarchy by the "November Criminals." After the "cleaning" the posts are to be filled with men whose qualities are those for which the Nordic race is noted. As a consequence, these men will once more occupy the positions whose financial income is great enough to permit them to have large families.

✓ Of no less importance is the program for restoring the independent economic position of the German peasant. It is believed that the country districts still preserve a considerable element of relatively pure Nordic blood and that they can be used as a reservoir from whence the future population of Germany can largely be drawn. Originally the German nobility represented the purest of the Germanic stock, but the purity of blood even here has been greatly diluted. It is hoped that the leaders of

the Germany of the future can be drawn from families which have retained contact with the soil and which have maintained the old Germanic blood undefiled. On the other hand, the urban population has a smaller proportion of Germanic blood. The notoriously low morals of the urban population are a reflection of this decline in the Germanic element. The prevalence of Communism in the cities can be accounted for in the same way. Since the modern city is a very poor culture for the breeding of the Nordic type, it is hoped that the tendency for the population of the cities to increase at the expense of the country districts can be brought to a halt and even possibly reversed in some degree. If the economic position of the peasant can be sufficiently improved it is expected that this end will be achieved.

✓ The attitude of the National Socialists toward women is an integral part of their belief in the desirability of a return to a system of life and morals characteristic of an agricultural rather than an industrial society. The Party is determined that the place of women shall once more be in the home. Thus the process of the destruction of the home, which was the concomitant of industrialization and urbanization, is to be reversed. This is the direct opposite of the development in Soviet Russia, where the policy of the dissolution of the home and family has been favored, and where the process of disintegration of these institutions has been enormously accelerated. In a word, the National Socialist conception of the place of women in the scheme of things is that they should bear many strong sons to serve the state in peace and war. A great effort is being made to halt the decline in the birth rate, since a declining birth rate is considered a sign of degeneracy and also lessens the man-power of the state in war.

It might be thought that such a philosophy and program would meet with intense feminine hostility. The contrary, however, is true. When, in the process of expanding the popular vote of the Party, it became desir-

able to carry on propaganda among the women of Germany, Hitler simply offered to them the prospect of husbands through the creation of employment which would make it possible for young men to marry. It is an interesting commentary on the relative popularity of feminism and "freedom" compared with marriage and a home that the Party had the greatest success in winning the feminine vote and that the most fanatical adherents of National Socialism are to be found among the women.

✓ The great program for physical training and military sports is conceived of as part of the plan for improving the physical and psychological character of the youth and so eventually for improving the entire race and recreating its Nordic character. Thus it is a part of the Nationalist Socialist ideal to develop a youth who will be trained in the Spartan and warlike virtues, who will return to the old sexual moral standards, who will live the out-of-door life, who will, in a word, throw off what the National Socialists consider the degenerate, effete, and unmanly influences of modern urban, industrial capitalism and who will return to a way of life fit for Nordic heroes.

✓ The new measures for the sterilization of the unfit in Germany are also a part of the movement to improve the race. While this does not directly bear upon the development of the Nordic strain in the population, it is considered that the elimination of the breeding stock which contributes the physically subnormal to the racial stock of the country would eventually aid in bringing about the evolution toward the desired physical type.

Now all this may have an air of extraordinary unreality, but the National Socialists point out that it is just as natural for them to wish to control the racial composition of the German people in this fashion as it is for the United States to attempt to control the composition of the American people by our immigration laws. They merely go one step farther, they say, since instead of merely

preventing some races from entering Germany or limiting immigration to a certain ratio they hope to expel the non-Aryans and to increase the percentage of Nordic blood among the remainder.

It remains, nevertheless, a psychological puzzle of major proportions, this acceptance of the theory of the superiority of a type which admittedly is not the average type in Germany. The puzzle becomes all the greater when one considers how far from this ideal physical type the supreme leader of National Socialism is.¹

Nor is there any very marked tendency for the majority of the other important leaders to approximate this hero type. It is easy to see why the theory should be popular with those of the German population who happen to look most like Swedes. It is not so easy to understand why it should be accepted with enthusiasm by the Bavarians, for example, who are Alpinic rather than Nordic, or by the people of Saxony, who have certainly a very heavy percentage of Slavic blood, or by the people of Prussia who must have a considerable proportion of the blood of the old Prussians who were either of the Slavic or Baltic race but who certainly were not Germanic. Indeed, the writer used to be struck by the number of names among the leaders of the S. A., which casually came to notice, which were of undoubted Slavic origin. On the other hand, there is a noticeable tendency of recent years, when selecting young men for positions of leadership in the National Socialist Party, to select, wherever possible, tall, blue-eyed, blond individuals with clear-cut features, as though an attempt were being made to see to it that the theory of the qualities of leadership of the Nordic race should be justified.

¹ The probably totally unfounded insinuation of the Social Democrats that Hitler is really a Czech or a Slovak used to rouse the National Socialists to frenzy. The National Socialist members of a committee of which Löbe was chairman broke up the committee meeting with violence, because it was charged that Löbe had, during a campaign speech, referred to Hitler as "Adolf, the Slovak with the bloody fingers."

This theory of race, however, produces certain conflicts in the other principles of the Party. If the only really Germanic race is the Nordic type, does not this limit the claim of the Party that all German-speaking people should be included in *Das Volk* and in the political boundaries of a Great Germany? Apparently it does not to the Party, at least, who would probably argue that through the centuries to come the Nordic type could be re-created among the German-speaking people now living outside the Reich as well as among those living in it. How is it possible, however, to render consistent with this desire for racial purity, the expressed intention of Hitler and the other leaders to win new land for the German plow by the German sword? It would be possible, no doubt, to obtain the land without further dilution of the Nordic blood by means of the extermination of the Polish, Russian, Lithuanian, Latvian, Czech and other populations which are of inferior worth from the Nordic point of view. Otherwise it would be necessary to begin the age-long process of turning Slavs and other non-Nordics into Germans by a sort of process of selected breeding. It is possible, however, that the National Socialists would be content to have only the ruling stratum of Germanic blood, which might be protected against pollution by laying down some sort of rules of caste as in India. The Germanization of the lower classes might then be restricted to teaching them to speak German and to respect and obey the ruling nobility.

The anti-Semitism which is the one principle of the Party which is believed in and clung to with the greatest emotion, is a special branch of the National Socialist theory of race. Hatred of the Jews by the National Socialists amounts to a positive mania which is quite different from their attitude toward other races; even those which are so bitterly hated as the Poles, French and Czechs. It is true that the Jews are placed far beyond the

¹ *Mein Kampf*, pp. 154 and 173.

pale in the special category of non-Aryans. But this is hardly a satisfactory explanation either, for the National Socialists freely admit that they have no such burning hatred for the occasional Arabs, Syrians, Egyptians, Turks, Chinese and other non-Aryan races which are to be encountered in the large cities of Germany just as in all other metropolises. Actually, the difference in attitude is easily explicable on the ground that there are not enough of these other non-Aryans to constitute a problem. The National Socialists insist, however, that there is a racial difference which accounts for their hatred.

Even by the most important of the National Socialist leaders one is offered the most extraordinary and diverse explanations of the racial antipathy which is felt for the Jews. The Protocols of the Elders of Zion are quite generally accepted as authentic, and in addition weird mixtures of distorted Biblical lore, pseudo-science and folk tales are accepted without question.

On the eve of the Jewish boycott a high official of the Party explained to the writer at great length why this aversion was so deep. In so far as his explanation dealt with economic causes it was perfectly intelligible and logical, but he insisted that the economic cause was only secondary and that the racial difference was the deepest reason for the feeling toward the Jews. He said that the twelve tribes of Israel were originally pastoral and that since they were a pastoral people they counted their increase in wealth by the increase in the number of calves in their herds. One tribe, however, began to engage in trade and finance and they it was who were responsible for setting up and worshipping the Golden Calf. Now the Golden Calf was actually only a symbol of usury, by means of which this one tribe of the twelve obtained its yearly increase in wealth. It harked back, however, to its pastoral origin in choosing the calf as a symbol. The Jews of today are descended from this one tribe and still worship the Golden Calf of usury.

The Jews were so hated by the Germans, he continued, because they possessed the peculiar ability of being able to dominate people of Germanic blood. This domination was of two sorts. First, the Jew could always get the better of a German in a commercial deal. The German was naturally unsuspicious, simple, and good-willed. With the Jew he had simply no chance. Second, what was more important, if a Jew married a German wife, the children were Jews. As a consequence the Jews were not assimilated and never became Germans no matter how much intermarriage took place. It was quite different with other races. The Jew in Italy soon became an Italian, the Jew in France a Frenchman and even in England the Jew became an Englishman. Consequently, there was not the prejudice against Jews in other countries which existed in Germany.

Only the Jews possessed this peculiar ability to dominate the Germans. Not even other Semites possessed it. By contrast, the Germans were able easily to assimilate Slavic races, because here the Germanic blood always dominated. He remarked parenthetically that this assimilation of the Slavic strain in Germany was not always complete nor successful unless the leadership of the Germanic strain was maintained. Thus the districts in Germany where Communism had taken most firm root were largely of Slavic blood. Hamburg, for example, was not primarily German but Slavic, at least in the working class districts. Communism itself was a Slavic concept and not a Germanic concept. In the case of the Jews, however, it was hopeless to think of assimilating them, and anyway such pollution of German blood was repugnant and unallowable.

The National Socialists endowed the Jews with a whole set of character differentiations which they maintained were wholly due to the difference in race. The Jews were materialistic, rationalistic, pacifistic, calculating, cowardly, sexually immoral, cunning, unpatriotic, disloyal,

shameless, and clever. None of these characteristics were Germanic. Instead, they were Oriental, and the Jews were essentially Oriental and not European.

To the National Socialists the Jews stood as the foremost representatives as well as the root cause of *Das System*, which is the generic term used to refer to everything evil connected with the new way of life in Germany after the war. The Jews stood for corruption in public office, for financial swindles, for speculation, for that ostentatious spending in the midst of poverty, which has been so remarked by all foreigners acquainted with post-war Germany. They stood for sensuousness, for sex plays, for pornographic magazines and books, for the indecency of the night clubs of Berlin, for the corruption of German women, in short for all evil and obscenity.

All the vehicles for the expression of culture in Germany had fallen into Jewish hands, they said. Consequently, the art, literature, music and theatre of Germany on the eve of the National Socialist Revolution did not express Germanic characteristics but instead the Jewish characteristics enumerated above. Even architecture had fallen into Jewish hands, and, as a result, the cities of Germany were being filled with the abominable flat-topped houses which, the writer was assured by an army colonel who was a Party member, was an indubitable proof of the Oriental origin of the Jews.

✓The Jews were at one and the same time the leaders of the Marxian parties and of the international capitalism which were both operating to destroy the world. They were responsible for Bolshevism in Russia which was a part of the scheme for bringing about the domination of the world by the Jews, but would end in the destruction of civilization.

As a matter of fact, however, there can be not the slightest doubt that it was the economic causes which really were responsible for the mounting anti-Semitism in Germany. Given the economic causes, the racial causes

were largely emotionalized out of them as an inevitable result. The National Socialists charged that in law, the press, music, art, the theatre, education, banking and in retail and wholesale trade, the Jews occupied a position which was completely out of proportion to the ratio of the Jewish population and the "Aryan" population of Germany.* Now this "charge" was mainly true. According to the classical theory of economics this would simply have reflected the fact that the Jews were more able than the Germans. Furthermore, it would only have meant that the population as a whole, including the German majority, was the better served for having such a large number of able persons performing services.

During the period of the economic depression, which for Germany and a large part of the rest of the world had become the "normal" state of affairs, the whole classical theory of the operation of *laissez-faire* economy is quite inadequate. As soon as unemployment arises on a large scale, a situation develops where there are more able persons for jobs than there are desirable positions. Under such circumstances the sharpness of competition increases with the duration of the depression.

The National Socialists charge that the Jews actually benefited from the depression just as they had benefited from the inflationary period. There is a certain truth in this charge. During either periods of inflation or deflation there are extraordinary opportunities for persons who are particularly skillful in financial affairs to benefit at the expense of those who are not. Likewise in such periods there are special opportunities for persons to profit who do not permit themselves to be influenced by public opinion or patriotic propaganda. For instance, in the United States during the current depression, those persons who withdrew their funds from the banks and converted them into gold profited at the expense of those

* See Chap. VI, p. 129, for statistics of the proportion of Jews to "Aryans" among the lawyers of Berlin.

citizens who obeyed the exhortations of the press and of the government not to hoard any form of cash. In Germany it was charged that the "Eastern Jews" who had entered Germany since 1914 had profited by the inflation to purchase commodities on a rising market and had consequently made enormous profits. There can be no doubt that this did actually occur, and it was perfectly natural that it should have occurred. Many of these "Eastern Jews" had come from Russia where they had already experienced inflation and had seen money become practically valueless. They were consequently in a much better position to realize what was really happening during the inflationary period and to take advantage of it.

One heard in any German city the bitter note of envy expressed: "All the finest houses on the best residential streets belong to the Jews!" The hatred of the proletarian for the wealthy bourgeois can hardly match the hatred of the ruined aristocrat or bourgeois for the *nouveau riche*, and when the *nouveau riche* are Jewish then the hatred reaches murderous heights. In Germany this hatred had been fanned for years and has been further intensified by the late wave of deflationary conjuncture which threatened to complete the ruination of any of the old bourgeoisie and aristocracy whose fortune had by any chance survived the period of inflation.

In such a situation, where the economic position of the Jewish group within the German nation was undoubtedly superior to that of the average German, it was almost inevitable that anti-Semitism should flourish. To the natural hatred of the "Have-Nots" for the "Haves" was added the hatred stimulated by difference in race. The National Socialists argue that they are justified in resenting "exploitation by foreigners." The National Socialists admit the superiority of the Jew as far as commercial ability goes, and they do not deny the general intellectual ability of the Jew, although they maintain that this

intellectual ability is not of the "creative" type. They say, however, that the genius of the German race is primarily its bravery, its will to fight and its ability to rule. Why should a race of warriors allow themselves to be exploited economically even though the exploiters might be intellectually superior? The National Socialists do not of course admit such superiority, but they hold that it would not affect the logic of the matter even if it existed.

To the National Socialists must be assigned the responsibility for choosing the Jew as the personal Devil upon whom the blame for all the troubles of Germany might be saddled. In any mass movement it is a tremendous advantage to be able to personalize the cause of economic difficulties. In Soviet Russia from 1928 onwards the *kulak* was selected as the personal Devil who was to be denied all human attributes. Now the National Socialists had placed the Jew in the same position in Germany.

It is difficult adequately to describe the mania and frenzy into which this hatred of the Jew has developed in Germany. Julius Streicher, one of the leading National Socialist leaders in Southern Germany, proposed that the German race should be protected against further pollution by reviving the ordinance existing in some German cities during the Middle Ages which provided the death penalty for any Jew who had intercourse with a German woman.⁴ In Munich the Jewish doctors in the medical schools were forbidden to use any but Jewish cadavers in their medical research.

The acts of violence against the Jews in Germany have been previously described. Up to the present time, however, no real pogroms have taken place, although such is the hatred against the Jews that it is quite possible that they might occur at any time. If a prominent National Socialist were to be assassinated, or in the event of war, or even if economic conditions should become worse, it

⁴ *Voelkischer Beobachter*, April 22, 23, 1933.

would be difficult for the leaders to restrain their followers even if they wished to do so.⁵

✓ Closely associated with the National Socialist doctrine of race, is the emphasis upon primacy of the interests of *Das Volk* over those of the individual. *Das Volk* is thought of not as a juridical organization to which one might belong by obtaining citizenship rights through naturalization, but as a community held together by the sacred ties of common blood. Only blood right gives the individual membership in the *Volksgemeinschaft*. Within this community of blood there must be no division into classes. Consequently, National Socialism fiercely repudiates the Marxian doctrine of class warfare. One of the often repeated slogans of the Party is "Make an end of the war of brothers!" One might falsely infer from this slogan that the National Socialists favored a policy of brotherly love and pacifism, but it need hardly be said that this is not the case. Just as the Communists in Russia speak of the goal of the "classless society" toward which they are struggling while they carry out the policy of "liquidating the kulaki as a class" so does National Socialism expect to bring about an end of the war of brothers by means of exterminating Marxism in Germany root and branch. In the words of Göring, "The régime of national concentration will, with iron fist, bring the opposing interests of the different strata of society into that harmony which is so essential to the prosperity of the German people." *

✓ This repudiation of the class warfare made it possible for National Socialism to make converts among the middle classes who had been proof against the doctrines of

⁵ In connection with a rumored attempt by Communists on the life of Hitler, the *Berliner Tageblatt* of March 20, 1933, reported that Police President Himmler of Munich stated that such an attempt constituted the most serious danger for order and security. As soon as the first shot was fired, even if it did not reach its aim, a chaos without parallel would be brought about in Germany, and there would be a huge pogrom which no state power in the world could prevent.

* Speech by Göring before the *Pomeranian Landbund*, March 17, 1933.

Communism on account of the Communist advocacy of it. The doctrines of National Socialism were of the very sort to meet the desires of this class who were at once extremely dissatisfied with the existing form of capitalism and who yet found it impossible to embrace the doctrines of a party which poured scorn on every virtue and tradition of the middle class and which offered only the prospect of its liquidation and absorption by the proletariat. National Socialism was the only vehicle for the radicalization of the middle class which offered the possibility of the destruction of the old capitalistic system without the concurrent destruction of the middle class itself.

The horror which a man of the middle class feels upon being compelled to sink into the ranks of the proletariat is nowhere more clearly expressed than in Hitler's *Mein Kampf*. Hitler here describes his life as a construction laborer in Vienna and paints a vivid picture of the beastliness of the life of the lower levels of the proletariat in a capitalist metropolis. The undeniable pity which Hitler feels for these creatures is outweighed by the repugnance which he feels at having to associate with them. It is easy to understand the fierce determination of Hitler and of the whole middle class of Germany that they should not submit to the rule of the proletariat. National Socialism is an expression of this determination. National Socialism had an appeal both for those who felt hatred and contempt for the proletariat and for those who interpreted its slogans of "An end to the war of brothers!" and "Down with class warfare" as the promise of the creation of a new system without the necessity for a bloody revolution. It appealed both to the man of violence and to the lover of order and discipline. It offered hope to the already dispossessed bourgeois and to the bourgeois who had no quarrel with the capitalist system but who had lost confidence in its ability to resist Communism.

✓ To a marked degree the hysterical nationalism of the National Socialists owes its fervency to this repudiation of the theory of class warfare. ✓ Hostility to capitalism combined with the fear that it would be replaced by Communism drove the middle class to seek for some alternative. ✓ The alternative was to return to that nationalism which Germany had in a large measure repudiated after the fall of the monarchy in 1918. The middle class determined that it would not wait with folded hands for its fate to overtake it. The old system could offer no other counsel than to wait. The middle class of Germany were consequently driven by fear and despair to the resolve to meet their fate sword in hand. Anything was better than inaction, and the kind of action which is psychologically the most elemental and satisfying to the emotions is to fight. ✓ Thus there developed the revival of militarism and militant nationalism which is such a fundamental part of National Socialism.

✓ During the early years of the war Germany had been united, and the class war was in abeyance. ✓ Men felt a longing for those days of national unity. It seemed the natural thing that a revival of the national hates of the war days would restore this national unity. If once more the whole nation could be brought to hate the Poles, the Czechs and the French, even though this might lead to war, the nation would have the psychological relief of being able to fight a tangible enemy instead of living in hopeless inaction on the dole. There can be no doubt that this feeling is not wholly confined to Germany, and that during a period of prolonged economic depression it is a powerful factor which pushes nations toward war.

✓ It is natural that many of the leaders of National Socialism should be veterans of the war. National Socialism stems out of those armed bands of reactionary patriots which existed in Germany for years after the Peace of Versailles. A sentence which occurs in many of Hitler's speeches is "As we turned homeward in 1918."

One of the important qualifications for a position of importance in the movement, or for any sort of a position now that National Socialism is in power, is a war record. The past, the present and the future of Germany is conceived of as an expression of the will of the nation to fight.

The youth of the National Socialist movement are trained in the belief that Germany is hated by all the nations which surround her and have stolen her territory, and that war is inevitable unless these nations can be compelled to restore the territory which Germany lost in the war and to allow all Germans to unite in a great fatherland. Furthermore, room for the expansion of the German race in the future is necessary, and this would naturally necessitate war. But war is not to be feared or considered as something horrible and to be avoided at all costs. The highest service which a man can render is to fight and if need be die for the Fatherland. The test of manhood is this willingness to fight. To fight is a normal and natural function of men and he who desires a world without warfare is no man. It is the duty of German men to advance the interests of their sons as members of the German race on the field of battle. It is the duty of women to undergo the pangs of childbirth in bringing German warriors into the world, and by this agony to parallel the sacrifice of the warrior on the field of battle.

Pacifists are as much hated as Communists and in addition are the objects of the deepest contempt. "In eternal warfare mankind has become great—in eternal peace mankind would be ruined."⁷ National Socialists believe that to advocate the desirability of peace and to preach the horrors of war is treason to the nation, and this explains their relentless attitude toward pacifists and pacifist societies. Almost without exception the known pacifists in Germany have been arrested. All books which advocate pacifism are excluded from the libraries and

⁷ Hitler, *Mein Kampf*, p. 149.

bookstores and are burned wherever found. Pacifism is the negation of manhood. The special National Socialist bookstores which have sprung up all over Germany are filled with books about war.

✓ It is the goal of the National Socialist Party to build a nation accustomed to the use of arms, warlike in spirit but completely disciplined. It is intended that all means should be used toward this end. Sport, education, art, music, the theatre, are but instruments to build a strong people, mentally and physically dynamic and sound, against the day when the nation must be served on the field of battle.

✓ It is the foremost duty of the educational institutions of all grades to further the willingness of the pupils to bear arms.* One of the first acts of the National Socialist government was to remove the prohibitions against the *Mensur*, or student duel and to raise it to the rank of an officially recognized student activity.

The National Socialists believe that by educating the youth of the nation for these warlike purposes it will be possible to re-establish the old moral order which broke down after the war. Many Germans were shocked by the complete breakdown of the old sex inhibitions and sex standards of pre-war days which had taken place in Germany. The breakdown of sex standards was accompanied by moral deterioration in other ways as well. In part, at least, this was due to the fearful percentage of unemployment among the young.

✓ The situation had developed in such a way that the middle-aged and the old often managed to retain their jobs, but they were then compelled to maintain their younger dependents in enforced idleness. Young people with no prospect of employment could not hope for marriage. Indeed there were cases in which the unemployment administration cut down the allowance of unemployed persons who married. Begging by young people attained huge proportions. There can be no question that

the moral fibre of the young was undergoing serious deterioration. The National Socialists were determined to abolish unemployment, but they also believed that education for war was the most effective way to restore self-respect. The provision which has been made for a year of compulsory labor on the part of all young male Germans is an attempt to get at the problem both from the side of a direct attack on unemployment and from the side of education in the military spirit.

In this respect National Socialism is genetically and historically connected with the Prussian spirit, for which the National Socialist leaders profess such admiration. It is the main point of contact between the conservative nationalists and the National Socialists. Von Papen said in his speech at Münster, on May 13, that "pacifists could not understand the old Germanic horror of death on a mattress; could not understand that a death on the battlefield was the most beautiful death." Hitler tells in *Mein Kampf*, how when he heard the news of the declaration of war in 1914 he fell on his knees and thanked Heaven that he had been permitted to live in such a time.*

On the other hand, it should be pointed out that National Socialism by no means advocates simply a return to the Germany of 1913. As far as the military spirit is concerned National Socialism would favor a return not to that of 1913 but to the legendary spirit of the Germans of the time of Tacitus. The majority of the National Socialists, moreover, are not monarchist, nor do they wish simply a restoration of the powers of the Prussian Junkers. The leaders of National Socialism believe that they are fully capable of providing whatever leadership the nation may require without the necessity for turning over the hardly won power to a class which is hostile to many of the National Socialist aspirations. Opposition to any proposal for the restoration of the monarchy is noticeable among the younger men of the movement, par-

* *Ibid.*, p. 177.

ticularly the students. This was to be remarked even among those of aristocratic birth.

Hitler is conscious of the fact that he, like many others of the leaders of the Party, came from the lower middle class. The writer always found unanimity of opinion among National Socialists that leadership within the nation might come from any class within the population and that authority was not to be the perquisite of the old nobility.

It is true that the doctrine of the Party has certain aristocratic implications. It is assumed that leadership will naturally come from those who have the greatest percentage of Nordic blood. There is the greatest insistence upon the importance of authority and responsibility from above and of discipline from below. There is an emphasis upon the great respect and obedience which those below owe to those above. Many penniless members of the old aristocracy hope to secure positions of authority in the Third Reich, and doubtless they will do so. Nevertheless, the sentiment is distinctly hostile to a restoration of the power of the Junkerdom and to a restoration of the monarchy.

Probably the controlling factor which will prevent the restoration of the monarchy is the dislike of Hitler to have anyone who is even symbolically his superior in the state. The undercover opposition to National Socialism in Germany is so strong that it might become very dangerous if there were any personality or any part of the state apparatus from which it could find support or protection. Hitler probably fears that under the protection of a monarch, intrigues against his power might be hatched which would be fatal. One may infer from all these reasons that the restoration of the monarchy in Germany is not probable.

The attitude of National Socialists toward religion is conditioned by their general doctrine of nationalism. National Socialists believe that religion should be supported

and that every effort should be made to restore religious belief among the population. It is natural that this should be so on account of the importance which they place in emotion and faith as opposed to materialism and rationalism. They feel that patriotism and religion have always been closely associated and that the one would be difficult to maintain without the other. Further, religion is helpful to the maintenance of authority, which is also a cardinal point in the National Socialist creed.

The question has arisen of how to establish a truly national church. Since Germany is predominantly Protestant it is, of course, impossible to establish the Catholic Church in this rôle. Furthermore, the Catholic Church was firmly opposed to the Party before it came to power and carried its opposition to the point of ecclesiastical sanctions against its members.¹ Shortly after the triumph of the Party there were numerous cases of arrests of Catholics as well as physical mistreatment of leaders of the Catholic Center and Bavarian People's Parties. The anti-Catholic sentiment among the National Socialists continued to develop as time went on. Numerous Catholic societies were ordered dissolved and the leaders arrested. Finally during the middle of June this anti-Catholic sentiment culminated in an attack upon the members of the Catholic Apprentices Association Convention in Munich, during which time several hundreds of the members were beaten and otherwise maltreated.

The bad feeling between the National Socialists and the German Catholics has been accentuated by events in Austria. The Christian Socialist Party in Austria, which corresponds to the Center and Bavarian People's parties in Germany, profited by the experience of the Catholics in Germany, to head the opposition to National Socialism in Austria. The fury of the National Socialists against Chancellor Dollfuss could not vent itself upon him personally, but it could and did find expression against his luckless co-religionists in Germany. The National

Socialists accused some of the members of the Center Party of giving advice to Dollfuss which was counter to Pan-German interests. Several prominent leaders were arrested on this charge.

There is a more friendly feeling toward the Evangelical Church, the more so since this Church has a peculiarly Prussian nationalist history and character. It also has always had a militarist leaning which naturally makes it more acceptable to the National Socialists. Along with the process of *Gleichschaltung* of all other organizations, an attempt was made to carry out the process in the Evangelical Church with a view to establishing it as a sort of official church. The various branches of the Church in Germany were induced to unite themselves under one bishop. However, the leaders of the Church balked at electing an army chaplain named Müller who was the nominee of Hitler to the office of bishop and elected their own man. As a consequence the issue remained open, with the National Socialists insisting that *Gleichschaltung* must be completed in the spiritual as well as in the earthly realm.

There has been considerable discussion of various plans for creating a new religion which would be a modification of the Christian religion, since it is felt by some that the present Christian religion with its doctrines of universal brotherhood and universal peace is not the proper religion for a militant and nationalist movement. Alfred Rosenberg, in particular, has criticized the old conception of Christianity. The more nationally minded of the Party have formed a movement which is known as the German Christians, whose purpose it is to promote nationalism within the churches. An extreme wing of the German Christians have proposed that the Norse Sagas should be substituted in the Bible for the "Jewish" Old Testament. Chaplain Müller, Hitler's personal representative at the head of the German Christians, has expressed the determination that there should be, "One Church and one

people, one people and one Church." He disclaims, however, wishing to compel the Catholics to change their faith. In the light of the fanaticism of the Party, it seems quite probable that in the field of religion, as elsewhere, the Party will brook no opposition and will accomplish its purpose of establishing a national religion.

In spite of the pathetic attempt of von Hindenburg to induce Hitler to preserve the independence of the Evangelical Church, the National Socialists won control of the Church in the Church elections of July 23rd. Following his classic procedure, Hitler reassured von Hindenburg and then disregarded him entirely.

CHAPTER VIII

ECONOMIC ASPECTS OF NATIONAL SOCIALISM

IT is quite impossible to describe the economic system of National Socialism, for only now are the first steps toward the construction of such a system taking place. It is possible, however, to consider the economic doctrines of National Socialism as they are generally understood by the Party leaders and members and as these concepts are beginning to embody themselves in action.

It must be recognized at the start that National Socialism has an economic significance quite other than that which has usually been assigned to it. It has been too hastily assumed that National Socialism is simply the demagogic form given to the desire of reactionary capitalists to defend themselves against Communism, while at the same time destroying the independence of the worker and of the labor unions which have protected that independence. As the writer has pointed out in a previous chapter, this assumption is false.

A second assumption has usually accompanied the first, namely, that the economic organization of Germany under the Third Reich will remain essentially the same as before the National Socialist Revolution, except for the creation of a type of corporative state embodying a vast system of "company unions." One does not any longer have to rely only upon an opposite conviction of the essential nature of National Socialism to assert that this is likewise untrue. The definite steps which have already been taken by the Party are a sufficient proof that an effective will to change the previously existing capitalistic system in a fundamental way actually exists.

The mass proportions which the National Socialist movement finally assumed were due primarily to the desperate resolve of the German people that anything was better than to trust longer in a system whose economic philosophy taught that all that could be done in case of an economic depression was to wait until the economic curve rose once more. The belief in the automatic operation of the economic machinery of the capitalistic system which was supposed to direct the employment of labor, land and capital equipment in the production of the most desirable consumption goods, had failed in the face of idle labor and idle capital equipment. The German people had *en masse* abandoned the belief that capital equipment which was unrentable and labor which could not be employed at a profit must stand idle, at the same time that the belief was in a fair way to be abandoned in other countries as well. In Germany, however, a peculiarly difficult and complicated situation caused the change which took place to be of a violent and fundamental nature.

✓ National Socialism founds its economic concepts upon the assumption that the capitalistic system as it existed in Germany was a failure. Since the mechanism of that system had long ceased to function effectively it had become necessary to reconstruct the mechanism thoroughly. ✓ It is natural that the National Socialists should desire to re-create the German economic system upon a national basis. Great confidence is placed in the possibility of improving economic conditions through the creation of a new national spirit and point of view in industry and commerce. It is confidently expected that the creation of a state power which can act authoritatively and energetically without the necessity for compromise between the conflicting desires of parties, groups, industries or individuals will operate to produce a feeling of confidence and security which will further business activity. Likewise, the creation of a new set of business

ethics in the spirit of the old guild regulations of medieval times, which will prevent price cutting, "black work," and other forms of unfair competition, is counted upon to stabilize both the demand for commodities and their production.

✓ This means that the National Socialists reject completely the "liberal" notion that if each individual follows his own selfish economic interests the highest good for the community must automatically result. Consequently, the German people are to be schooled in the patriotic point of view, to be taught that activity which injures the community is to be avoided by the individual, that economic activity which damages the public welfare is a crime. All the resources of the state for propaganda are to be utilized to this end. But propaganda is not enough.

The National Socialists believe that the economic structure of society must be reorganized to prevent this conflict between the interests of individuals and those of the community. The interests of the community must always be supreme. To insure this the leadership of all economic organizations, enterprises and industries must be in the hands of individuals who will put the interests of the state first. Thus the directors of a corporation should not consider primarily the interests of their stockholders but those of the whole community. If lowered prices, for example, were preferable to higher prices, although less profitable to the individual enterprise, the directors would be supposed to favor lower prices. Conversely, if it appeared in the public interest to maintain a price level and to refrain from competitive price-cutting, then this policy would be the one to follow.

The above may appear merely a platitude, for the question arises at once—How is this public-spirited attitude on the part of the directors to be achieved? One answer would be public ownership and operation, no doubt. ✓ At various times public ownership has been favored by some Party leaders. No doubt there will be some extension of

✓ the system now. But in general, the Party has renounced simple and outright public ownership, since it seemed to be too much like Marxian Socialism.⁷ How then could the hoped-for result be obtained? The National Socialists hit upon the ingenious idea of retaining the form of private corporate ownership while taking over the function of appointing or at least confirming the directorates of corporations by the Party.¹ It is certainly doubtful whether such a system can be considered private ownership. On the other hand it cannot be denied that the invention of the joint-stock company and the corporate form of holding property had in itself already so modified the system of private property that it is doubtful whether it was logically permissible to use the term private property to cover corporate property also. The National Socialists had only produced still a third form of "property."

✓ The process of appointing or confirming the directorates has been carried out only irregularly so far. There is little doubt that the system will eventually be regularized. When this happens there will have to be some new machinery set up to provide for the appointment of the directors of enterprises, since it is planned to do away with election by the holders of the majority of the capital stock. In this event the problem of how to avoid overcentralization will arise, just as it would arise in the case of outright public ownership. It is possible that there will eventually be set up some sort of a commission within the Party which will assign members to responsible posts somewhat after the model of the similar body of the Communist Party in Russia.

✓ The National Socialists emphatically deny, however, that they favor the creation of a "planned economy." They reject this on principle, because the idea of a planned economy was popularized and put into practice by the Communists in Russia. The operation of planned economy

¹ See Chapter II, pp. 21-24, and Chap. VI, pp. 137-141, for a discussion of the significance of this economic *Gleichschaltung*, and the means employed to put it in force.

in Russia has, moreover, served as a warning against the dangers of an economy so centrally controlled as to be top-heavy and impossible of management. The National Socialists believe that it is possible to change the structure of the economy according to their ideas without the result being a planned economy. They propose, for example, to remake radically the structure of German industry in the direction of simplicity and rationalization.

In many instances, they declare, industrial enterprises are joined under the same management, not because there is any economic reason why this should be so, but for purely financial reasons. Thus all sorts of heterogenous industrial enterprises came to be under some sort of joint management, simply because some individual or financial group succeeded in getting control of them. It is planned to untangle these irrational groupings and to make the various enterprises either independent or else group them according to some rational plan. Once this has been done and a directorate which is sanctioned by the Party installed, it is not intended to direct the enterprises from a central office.

A second aspect of the doctrine of the proper organization of economic society is the plan for the formation of the *berufständische* or corporative state. The Party plans that everyone engaged in carrying out an economic function shall belong to an association which represents his calling or profession. In the furtherance of this end there has taken place a great amalgamation of the various professional, commercial and industrial associations in Germany with the purpose of bringing about simplification and uniformity. This process went hand in hand with that of seizing control of industry and commerce by means of *Gleichschaltung*. It is expected that these professional associations, modeled to a certain extent after those in Italy, will be all-embracing and will be able to act authoritatively as the representative of a given profession or

industry. It is intended that there shall be a considerable measure of autonomy for these organizations and in this way it is hoped that over-centralization and bureaucracy can be avoided.

Each of the associations is supposed to have the right to legislate such conditions as will make it possible for the members to maintain a decent standard of living in the particular profession or occupation. In order to accomplish this the numbers which are allowed to enter the occupation or profession can be limited by the associations or by legislation recommended by the associations to the state. In the higher professions, such as medicine and law, this is to be accomplished by a limitation of the numbers of students who are allowed to enter the higher institutions of learning.

It is obvious, of course, that if the number of persons who can enter the occupation of retail merchant or the profession of the law is sharply reduced, the first result will be to increase the number of unemployed. The National Socialists refuse to be deterred by this argument. They say that if people must be unemployed, it is better that the resources of the state shall not have been used to educate men in professions which they cannot follow. If employment has to be created by public works it is just as well that fewer of the people who have to find this type of employment shall have been previously educated as lawyers, for example. Furthermore, the vicious circle has to be cut somewhere. The thing to do is to insure a decent if minimum standard of living for as many occupations and professions as possible and then treat the residue as unemployed manual laborers. By the re-creation of a decent and insured standard of living for a large body of the middle class a sound beginning can be made for restoring the purchasing power of the nation.

As might have been expected, these associations in many cases began at once to "legislate" almost entirely in their own interests. The exporters' association be-

sought the government to prevent German industries selling abroad through their own representatives. The book publishers denounced loan libraries. The restaurant owners denounced the practice of department stores maintaining lunch rooms. In many cities the retailers considered the new order a *laissez-passer* to a policy of raising prices as rapidly as possible. However, this process was not taken too kindly by the National Socialists who had to pay the new prices for groceries and goods. In many cities the dealers who raised prices were arrested by the score, either by the regular police or by the Nazi *Hilfspolizei*, in a manner reminiscent of the "workers' brigades" in the Don Basin in Soviet Russia in 1929-30.^a This difficulty illustrates in a forceful way the fact that pious wishes and patriotic harangues are ineffective methods of economic control. While the possibilities of a system of directors of industry whose first responsibilities are to the public are considerable, if these directors are appointed as a part of a carefully worked out system, changing an economy from a free price system to a system of price controlled by individuals in their own interests is quite another thing. The National Socialists will unquestionably find themselves driven to the necessity for a comprehensive system of state regulation and control to replace the system of competition which they have largely destroyed.

It is intended that the new associations representing professions, occupations, industries and labor shall be incorporated into the state structure and shall have a full legal and constitutional existence. A committee to draw up a constitution for the new form of state has been appointed.

The hyper-nationalism of the Party expresses itself in its foreign trade policy which is founded upon the doctrine of the desirability of national self-sufficiency. The Party has never taken a formal stand in favor of *autar-*

^a *Voelkischer Beobachter*, May 26, 1933.

kie,^{*} although it has been advocated by some Party theorists and by others who were sympathetic to the Party, although not members of it. The Party does favor, however, a policy which closely approaches *autarkie*. It is recognized that certain raw materials must be imported, since sufficient quantities cannot possibly be produced at home to supply the needs of German industry. Copper, cotton, rubber and petroleum products, for example, must be imported, at least until such time as German chemists can find substitutes for them. As rapidly as possible all other products aside from this category should be produced at home.

To the objection that German industry can hardly hope to sell its products abroad if the German market is closed to imported products, the National Socialists would say that this is not of importance, since all that it would be necessary for them to export would be a sufficient value of products to pay for the commodities which it was absolutely essential to import from abroad. A small export would pay for a small import.

But how about debts owed by Germany abroad? How would it be possible to provide for amortization and interest payments on the short-term and long-term credits of Germany which are owed to foreign nationals? It is recognized that repudiation of these debts would have a very bad effect upon Germany's credit abroad as well as upon her general international position. Consequently the National Socialists do not expect to repudiate these debts outright. They feel that they will not be confronted with the necessity for doing so, since it will be easy enough to prove to the world that since an export surplus does not exist and since the reserves of *devisen* and gold which the Reichsbank possesses are negligible, the payment of these debts has become impossible.

Of course, what the export surplus is depends in some

^{*} The term *autarkie* has been used to express the proposal that Germany should become economically completely self-sufficient.

degree upon the manipulation of the price level in Germany, and upon other factors which are under the control of the German government. It is not likely, therefore, that the foreign creditors of Germany will accept the disappearance of the export surplus with too good grace, since they must recognize that with it goes their last hope of payment. Consequently, it is recognized by the National Socialists that a certain injury to Germany's credit standing is inevitable.

National Socialists do not take this very seriously, however, for two reasons. First, they know that the memories of foreign investors are notoriously short. What is more important, is the determination of the National Socialists to get along without foreign capital. For what does Germany need foreign capital? Certainly not to expand the capacity of industry nor to improve the capital equipment of industry, since this capacity is already much in excess of the available market. If the answer is that Germany needs "working capital," the question is raised of what this term means. If it means that the stocks of raw materials, semi-finished and finished goods in the hands of German industry are small and must be replenished, the answer of the National Socialist is that it is no use to replenish inventory till it can be sold. If the internal market can be revived, then German industry can easily replenish these supplies except for such raw materials as have to be purchased abroad. The materials which have to be purchased abroad must be paid for by an export surplus anyhow, although the necessity may be temporarily averted by means of borrowing abroad.

The writer must confess that from a purely economic standpoint and without reference to any moral issue involved, the National Socialist argument that Germany need not pay her foreign credits is quite sound. As for the moral issue, the National Socialists would say that these private credits were borrowed only because the funds which Germany could have used for her own needs

had to be paid out as reparations. Consequently, so the argument runs, these credits were only reparations in an indirect form and no moral responsibility exists. Besides, they are owed to international financiers, many of whom are Jews. If the ethical case which is thus made out for repudiation is weak, it nevertheless serves.

The National Socialist argument for this near approach to *autarkie* is that only by such a policy is it possible for a country to be able to have command over its own economic fate. It is impossible to take measures directly to increase the purchasing power of the German internal market if that purchasing power can be used to purchase foreign goods instead of German products. Measures which might be successful in restoring the balance between production and consumption in Germany would be quite useless if that balance could be destroyed by the intervention on the market of foreign goods which had been produced outside the closed circle of the balanced German economy.

✓ It is further argued that the supposed advantage of international division of labor which is brought about by foreign trade is really no advantage if it is purchased at the expense of German unemployment. If goods in which foreign countries have a comparative advantage in production can be sold in Germany more cheaply than they can be produced in Germany, the National Socialists argue that this cheapness disappears if there is added to the price of the imported commodity the cost of paying the unemployment dole of the German laborer.

The National Socialists are seriously perturbed, however, when it is pointed out to them that some thirty per cent of the products of German industry are sold abroad. They are confronted by the problem of what would happen to employment of labor in Germany if this thirty per cent could no longer find a market abroad. They maintain that no other course than national self-sufficiency is open to them, however, since the market for German

goods abroad is in process of disappearing anyhow, as tariffs and trade restrictions the world over are always being increased. Aside from the amount of German exports needed to pay for absolutely essential imports, the industries of Germany could just as well be manufacturing the same amount of goods and giving them away, or manufacturing munitions of war or any other sort of commodity, as to manufacture goods and use them to make payment on past indebtedness.

Looked at in another way, it could be stated that at the present time this thirty per cent of the product of German industry is being used to pay for essential imports, to pay for imports which are not absolutely essential and to pay interest and amortization of foreign debts. If payment for the last two of these three items need not be made, then there would be no need for any export of products beyond that needed to pay for the first of the three items. The unused capacity of the factories could be used to supply the internal German market with the commodities formerly imported. The capacity which would still remain on account of the third item could be used for any purpose, even if payment had to be made out of government funds, without any damage to German economy, since no net payment was formerly being received by the German economy for them from abroad. Of course, the entire argument has validity only if the German economy is directed and regulated by central authority to a much greater extent than under the old system, although in point of fact if the economic mechanism did actually operate as the old classical school of economists supposed, it would be valid without this qualification.

Above and beyond all purely economic arguments for *autarkie* the National Socialists place the argument of military necessity. ✓ War they consider to be inevitable. The experience with the blockade during the last war convinced them that their powers of offense and defence

would be immensely strengthened if self-sufficiency could be attained before hostilities break out.) The National Socialists believe that since the nation has decided that it will not live on the dole while it waits for prosperity to return, the nation must somehow and anyhow tackle as directly as possible the task of putting idle men and idle machinery to work. Since under the old system the men and machines could not work because no one could buy their product, the task of the new system is to create purchasing power for the product which the idle men and machines could produce. The paradox of the old system was that men could not be paid because men received no pay. The new system is resolved that the men shall work, that they shall somehow be paid, and that the evil circle shall be broken.

✓ The National Socialists believe that agriculture is the basis of the national economy and consequently the program of economic reform is to begin with agriculture. If the economic position of the peasant could be made satisfactory it is argued that the purchasing power of one large part of the economy would be restored. Consequently it is proposed by means of tariffs and monopolies that the price of German agricultural products shall be raised to the point where agriculture can resume its position, which it formerly occupied, as the consumer of the products of industry. In order to bring this about it is planned to produce practically all the food of the nation in Germany.

The goal of national self-sufficiency in foodstuffs is by no means an impossible goal, since Germany now produces almost all the carbohydrates and proteins which are required. In point of fact there was a surplus of grain in Germany from the crop of 1932, although this surplus was partially caused by reduced consumption. There was an import of meats of certain grades and an export of other grades, so that the net balance was about zero. Only in respect to fats was there a notable deficiency, and

it is expected to correct this in the next few years through the operation of the Fat Monopoly.⁴

The National Socialists are aware that in turning over the internal market of Germany for the exclusive use of the German peasant they will inevitably curtail the sale of German goods abroad. This is particularly unfortunate in the case of the Scandinavian countries, which have sold their agricultural products in Germany and have bought industrial goods there in even larger amounts. But this cannot be helped. To the complaint that the program for the salvation of the peasant will cause a great increase in the cost of living, the National Socialists reply that it is better to have the living at some price than not to have it at all or to have it on a starvation basis on the dole. The increase of prices for the lower classes is to be offset, it is hoped, by devices such as those of the Fat Cards issued in connection with the Fat Monopoly.

As a temporary means of alleviating economic distress of the agricultural population, there has been a great extension of the system of protection against foreclosures and a compulsory conversion of loans at a lower rate of interest. It is intended eventually to clear the land permanently from mortgage obligations and to take positive steps to prevent the re-establishment of indebtedness. This is to be done partially by means of the new Peasant's

⁴ One of the first acts of the government headed by Hitler was to set up the Fat Monopoly. Its purpose was to bring about an increase in the price of butter and other fats. It was expected as a consequence of the increase in price that within a short time all fats needed for food would be produced in Germany. In order to ameliorate the hardship occasioned by the increased price of fats, "Fat Money" was given out to the unemployed, and other poorer classes, allowing them to purchase fats at less than the regular price. A very high tariff was placed upon imported fats, and the proceeds of the tariff were intended to be used to redeem the "Fat Money" which the unemployed paid out to the shopkeeper for fats. Great dissatisfaction was occasioned by the operation of the law. The peasants claimed that they did not receive the benefit of the increased prices. Many retailers were arrested on charges of profiteering. The retailers' association declared, however, that it must be the wholesaler's fault, since the retailers were only making the usual profit. Finally an official "spread" between the price paid to the peasant and the price charged the consumer was set by administrative action.

Code which is to be set up and which is to prevent the creation of mortgages on peasant property in the process of the division of the land among the heirs of a deceased peasant. This is to be brought about by re-establishing single inheritance through a sort of entail to the eldest son. In some districts in Hanover the ancient custom providing for inheritance of the farmstead by the youngest instead of the eldest is to be allowed as a substitute. It is expected that in this way not only the re-creation of mortgages will be prevented, but the division of land into holdings which are too small for economical exploitation will be avoided.

The National Socialists are convinced that Germany has gone too far in the direction of metropolization, and "the restoration of the balance between city and country, between agriculture and industry," is a fundamental part of their economic program. It is intended that a considerable part of the urban unemployed shall be settled on the land in the more thinly populated regions of Germany, particularly in East Prussia, where the pressure of the higher birth rate of the adjoining Polish population is particularly felt. It is planned also to found numbers of small cities in these districts which shall depend upon light industry for employment for the population.

The land for the purpose of the settlement of previously landless laborers is available from the now bankrupt estates of the large estate owners. It is a definite part of the economic program of National Socialism that private ownership of land shall be distinctly subordinate to the interests of the state. However, these large estate owners have succeeded in sabotaging similar plans of all the recent ministries in Germany. The outcome of the inevitable struggle between the Junkers and the Nazis over point number seventeen of the official program of the Party must be awaited with interest.

In carrying out this *Siedlung* policy it is intended that the youth of the nation who are serving their compulsory

year in the labor army shall furnish the labor force necessary to reclaim waste lands and render them fit for cultivation. As the same time it is expected that some training in agricultural pursuits can be given in connection with the year of compulsory labor to those young men who wish to take up one of the allotments in these new "settlements."

One of the most fundamental of the economic doctrines of National Socialism is the attitude toward interest. Like the Canonists, National Socialists believe that interest is usury and therefore immoral. Like the Canonists, they distinguish between capital which is employed in production and which undergoes a risk, and capital which is simply loaned out at fixed interest under circumstances such that the owner of the capital undergoes no risk. A further part of the doctrine is the belief that the necessity for the payment of interest on fixed obligations operates to curtail employment of capital equipment and labor, as well as to curtail the market for consumers' goods. Under the old system, so the National Socialists maintain, land, labor and capital equipment remained unutilized because the test of "rentability" was applied to all undertakings. If commercial undertakings could not pay the going rate of interest then no capital funds were made available to operate them. The more labor and capital equipment unemployed, the sharper the economic depression and the higher the rate on fixed obligations became, so long as there was no interference by the state. Thus interest acted as a deterrent to the employment of the economic forces of Germany.

It is, of course, very easy to criticize this interest doctrine. First of all, it is exceedingly difficult to distinguish between capital which is "productively employed" and capital which is loaned out at a fixed rate. Indeed, it would ordinarily be said that there is no reason why capital loaned at a fixed rate is any less productive than capital which earns a contingent return, such as funds

used to purchase common stock. Every one of the ingenious arguments by which the merchants and their lawyers all through the Middle Ages fought and finally won the battle against the Canonist prohibition of usury, can be marshalled against the National Socialist doctrine of interest. The danger of interfering with the "natural demand for and supply of capital funds" has often been pointed out and might likewise be directed against the doctrine of "breaking the interest slavery."

Both the course of economic events and of new, if unorthodox, economic theory, have, however, thrown doubt upon the validity of the old doctrine of the process of capital accumulation and utilization. It is certainly doubtful whether there exists any such thing as a "natural demand for and supply of capital" in the sense in which this phrase has been understood in the past. Certainly, the army of doubters in all countries must now be greater than the army of believers in the doctrine that in periods of depression the "natural" interest rate can be depended upon to direct the employment of labor and capital equipment. Consequently, the writer cannot agree with the unmeasured criticism and ridicule which has been poured upon the National Socialist doctrine of "breaking interest slavery," but on the contrary is forced to the conclusion that real possibilities exist for a certain amount of economic benefit from the attempts of the Party to give expression to this part of their program. It is just as true that the doctrine opens up the possibility for disastrous inflation and for other economic action of a dangerous nature. It cannot be predicted, therefore, whether the final development of this point in the program will be harmful or beneficial.

Although there is much confusion and uncertainty among National Socialists as to just what is to be done about "breaking the interest slavery," it is by no means true that the Party has abandoned its intention to take decisive action along this line. As soon as the Party had

acquired effective control of the banks through the process of *Gleichschaltung*, direct action was taken to enforce a lowering of the interest rate. It is the hope of the Party that by a simplification of the banking apparatus and by reducing salaries of officers, the bank interest rate can be reduced. It is also expected that by limiting the dividends which banks pay, the same result can be furthered. This amounts in practice, of course, to continuing the policy of no dividends or reduced dividends which the depression has forced on the banks anyhow.

As far as industry itself is concerned the process of reorganizing and reducing the amounts of fixed indebtedness which had already been going on, will be continued. It is probable, likewise, that if economic conditions did improve sufficiently to provide funds for increased dividends on capital stock, these funds would not so be used, but might be used for increasing wages, for profit-sharing among the laborers or for various other purposes, including perhaps direct contributions to the state. In this way, also, the payments of interest on capital would be reduced, even on capital which the National Socialists would call productive.

Closely connected with the program of "breaking the interest slavery" is the policy of greatly expanding the program of public works which was taken over from the von Schleicher ministry. One type of such public works was the loan of funds to municipalities for use in the construction of parks, playgrounds and for other such purposes, at a rate of interest so low as to provide little more than the bare cost of servicing the loan.

In addition to the program taken over from the von Schleicher government, on June 1, a further and much larger sum of one billion marks was appropriated for public works. These funds are to be advanced without interest to public bodies by the Reichsbank. The Reichsbank is to be reimbursed out of tax receipts of future years. The laborers on these public works are to receive

only unemployment pay plus one hot meal per day, in addition to a small sum which can be used only for the purchase of household necessities. It is obvious that at such a rate of pay one billion marks would furnish employment for a very considerable number of men.

In addition to this major act, several other decrees were issued at the same time which were directed to the end of reducing unemployment. Reduction on income taxes for individuals and corporations was provided in cases where additional workers were employed at making repairs on equipment. Persons who employed maid servants are no longer required to pay for the invalidity insurance of the servants. Persons who employ an additional maid servant are allowed to make a deduction from their income tax.

A loan in an amount up to one thousand marks has been authorized for newly married couples for the purchase of household furniture. This loan is repayable at the rate of one per cent per month which, of course, means that it is only nominally a loan. The wife undertakes not to accept paid employment unless the wage of her husband falls below one hundred and twenty-five marks per month.

Twenty-five per cent of the loan is cancelled with the birth of each child. Only persons absolutely loyal to National Socialism may receive a loan.

The last-mentioned provisions are aimed not only against unemployment, but serve to further the National Socialist ambition of removing women from the industrial field and restoring them to the field of domestic labor.

It is obvious that the additional grants for public works and the remission of taxes will both have an inflationary tendency. Nevertheless, these measures are a direct attack upon unemployment by setting labor to work. Germany had reached the end of a policy of paying men to be idle. The burden simply could not have been borne much longer. If the tendency is toward inflation, it is one which practically all countries are now being

compelled to follow. There is little doubt that these measures plus the year of compulsory labor for German youth will have the effect of reducing unemployment materially.

The developments which have taken place since the advent of National Socialism in connection with the position of labor in the economic system, have naturally aroused the greatest wonder as to the National Socialist doctrine which has governed activity in this field. It had been generally believed that National Socialism was essentially hostile to the laboring class and that the victory of National Socialism would simply mean the destruction of all of labor's defences against the employer. Naturally, astonishment has been great when the labor organizations which are under National Socialist guidance have in many ways shown themselves more militant than the old Socialist unions.

Since National Socialism is primarily a movement of the impoverished middle classes and dissatisfied peasants, it is natural in some instances where the interests of these classes clash with those of the proletariat that the decision of the Party leaders should favor the middle classes against the laborers. The Party labor leaders have, for example, announced their intention of transferring the burden of a large part of the social insurance payments from the state to the laborers themselves. In the clash of interests between the industrialists and the proletariat, however, the National Socialists during the first months showed themselves to be radical rather than conservative.

It must be remembered that the National Socialist régime is not simply the régime of a reactionary military clique which came to power by a *coup d'état*. Instead, as has already been said, it is truly a mass movement. In the attempt to expand the membership of the Party

⁵ See Chapter VI for an account of the seizure of the trade unions by the National Socialists.

among the urban proletariat attention had to be concentrated on those elements least under the influence of the regular unions, which were controlled either by the Social Democrats or by the Catholic political parties. These elements were, of course, the most radical of the workers. Such malcontents joined either the Communist Party or the National Socialist Party. Indeed, there was always a considerable migration back and forth from the Communist Party to the National Socialist Party and the reverse.

When National Socialism came to power the leaders of the N. S. B. O., the organization of National Socialist "cells" in the factories, were given control of the new labor movement which was founded upon the old unions forcibly taken over by the Party.⁶ The result was, of course, that at one stroke the leadership of the labor movement in Germany was transferred from the conservative Social Democratic and Catholic union officials to men who in some cases were formerly Communists and who had, during the von Papen régime, often joined the Communists in carrying out strikes against the orders of the old union officials.⁷ Naturally these new leaders felt their power, and they found the workers who had had their old union leaders taken from them ready to accept any radical proposals. As a result of the seizure of the control of business enterprises by N. S. B. O. commissars, to which reference has been made in a previous chapter, situations arose which often brought the new labor leaders into conflict with the Party chiefs. A serious struggle is now being waged for the restoration of order and discipline. Steps have been taken by which the functions of the old Party "cells" of the N. S. B. O. were sharply curtailed, and the authority of the old trade unions which are now under National Socialist leadership has been partially restored.⁸

The doctrines and history of the Party as well as the

⁶ See Chapter VI, pp. 141-145.

⁷ See Chapter IV, pp. 73-74.

⁸ *Voelkischer Beobachter*, May 27, 1933.

character of its leaders make it natural that National Socialists should believe in direct action in the economic as well as in other fields. For years the leaders had pointed out the defects of the old system and had promised that they would be remedied in short order under National Socialism. Consequently there developed in the Party an impatience with depending upon the operation of general laws to rectify injustices or inefficiencies, even though the Party itself might make such laws. Whenever anything appeared to be going wrongly or even simply too slowly after National Socialism came to power, the sovereign remedy came to be to send a detachment of S. A. storm troops and arrest one or a score of persons who seemed most likely to be responsible. Or if some National Socialist district leader decided that a certain economic practice was undesirable he simply issued an order forthwith and the practice had to cease. It made no difference in any of the cases what the law about the matter happened to be. If the person arrested were permitted to see his lawyer, he might be advised that he had committed no crime against German law, but this would be cold comfort for the occupant of the concentration camp.

This recourse to direct action spread all over Germany. Prices of commodities were arbitrarily set; businesses were closed up and self-installed commissars took them over without authority from the higher offices of the Party.* The Party chieftains became seriously alarmed. One order after another had to be got out against such practices. However, the disorders continued to spread. Goebbels made a speech in which he threatened imprisonment for these commissars who were springing up everywhere. A little later Wagener, the Economic Commissar for the entire Reich, got out still another order against the practice, which read as follows:

I receive continued reports that groups of Party comrades and persons associated with the Party, have formed themselves into

* See Chapter VI, pp. 139-140.

"Battle Unions" in order to undertake wild interference in business. The Party membership and all Party bureaus of the N. S. D. A. P., repudiate these happenings with all decisiveness. They realize that the restoration of healthy conditions in German economy and the re-employment of many millions of unemployed men is not advanced but is hindered by these senseless acts of objectionable self-interested policy. I order, therefore, that all "Battle Unions" which have been formed in the economic field must forthwith be dissolved, regardless of the names by which they are called. I request, in consequence, all Party bureaus to deliver to the courts persons who henceforth set themselves up as commissars, without having been called to the position by the administration or by a public authority.

Signed WAGENER.

Reichskommissar and leader of the economic-political department of the N. S. D. A. P.¹⁰

Direct action by the radicals in the Party to carry out the so-called "Second Revolution" on the economic front continued in spite of Wagner's efforts to regularize matters. During the early part of July what appeared to be a sharp turn to the right took place. Hitler spoke sharply against the "Second Revolution." Göring placed the police at the command of the "Labor Trustees" so that their orders could be enforced over the opposition of the Nazi shop "cells." The death penalty was even threatened for unauthorized interference with business.

The change in policy was, however, complicated by personal intrigue within the Party, which greatly confused the economic issues. Wagner expected to obtain the Ministry of Economics when Hugenberg was forced out. His enemies matched intrigue with intrigue and several of Wagner's closest associates in the Party were arrested. He was removed from his office and sent on "furlough." His old enemy, Feder, surprisingly returned to prominence as a champion of noninterference with business. He was appointed Under-Secretary in the Ministry of Economics. He had always been considered the

¹⁰ *Voelkischer Beobachter*, May 26, 1933. Nevertheless the practises against which this order was aimed continued, for new orders against them kept on appearing.

most economically "unsound" of all the National Socialist leaders.

Regardless of the degree of success which the Party chiefs may have in bringing under control this direct action on the part of local leaders, there is no intention to relinquish direct action when such is authorized by the competent authority within the Party. Obviously there are very definite limitations upon how much direct and arbitrary action an economic system can endure and still continue to function with any degree of regularity. One of the most serious tasks which faces the Party is the recognition and the observance of these limits.

There is little doubt that as the old managers and directors of industry are replaced by National Socialists, the labor organizations will find that they have to deal with men who have the authority of the Party back of them and do not have to fear arrest or attack if they enforce authority. Since the Party has always proclaimed its adherence to the principle of authority and leadership as opposed to democratic control, there should not be anything like such a difficult task in restoring discipline as had to be met by the Communist Party in Russia.

It may be said, indeed, that this Party doctrine of the recognition of authority is a potential asset of great importance. A socialistic system which has been established as the result of a victory of the proletariat in the class warfare is at once confronted by a terrific handicap. The workers who have been inflamed against the old leaders and who have revolted against them, transfer their feeling of hostility to authority to the leaders of the new régime as well. Furthermore, during the period of revolutionary struggle the most turbulent and even unsocial elements among the workers have to be relied upon to fight the battle against the authority of the employer. These elements, which are of great use in carrying out a revolution, are a nuisance when the revolution is won and it becomes necessary to go back to work.

In Russia the necessity for placating these elements and at the same time to restore productive discipline led to the system of intolerable persecution of the old technical personnel. It became necessary to resort to means of maintaining labor discipline, such as the passport system, the blacklist for absence from work and even the death penalty. Since the National Socialist Revolution was not a proletarian revolution, the Party leaders do not have to depend upon the proletariat as a force to maintain themselves in power. On the contrary, they took over intact the machinery of force of the old state and have it at their disposal for the maintenance of order. It can if necessary be used against an unruly proletariat. Acts of violence can consequently become general only if the Party leaders prove incapable of taking the necessary steps to preserve order.

After a survey of the principles and acts of the Party in the field of economics one cannot escape the conclusion that there is some justification for the use of the term "Socialist" in designating it. It might be called socialist because the rights of private property are not recognized as having validity against the interests of the community. Private property is allowed to exist but surrenders the right to choose the directors and managers of corporate enterprises. The profit of the stockholders is no longer even theoretically the primary concern of the management. The principle of *laissez-faire*, which was far from absolute even under the previously existing capitalistic system, is abandoned. The state reserves and often exercises the right to intervene without formality in any economic activity. Large fortunes and estates are viewed with disapproval, and it is probable that measures will be taken to curtail them.

On the other hand, it differs fundamentally from either Utopian or Marxian Socialism, and from the various combinations of the two which have been advocated in England and in the United States. It completely ab-

juries the principles of democracy. Authority backed by force is depended upon to direct the state. It is national instead of international, and militaristic and militant instead of pacifistic. It is hostile to proletarian socialism and opposes class warfare. Differences in individual ability are recognized, and the right of those of superior ability to authority in return for responsibility is insisted upon. The right of those of superior ability to higher compensation is also recognized, although large monetary compensations are looked upon with disfavor.

It is possible that a new type of economic system may evolve out of the present embryonic form of National Socialism. Such potentialities certainly exist. Whether or not success on the economic front will be achieved depends upon several questions. Most important is whether or not National Socialism will actually be able to bring about social and economic peace. If National Socialism follows the lead of Communism in Russia and expends its energies in constant persecution of its former opponents, in creating a state of terror among the technical experts who must serve it, or if it carries its doctrine of direct action to the point of keeping the economic mechanism in a constant state of turmoil, these potentialities will have little chance to develop. The opportunity for economic development depends, furthermore, upon the maintenance of peace with other countries, and in this direction the prospects are not bright. The fanaticism of both the leaders and the masses of the Party is a serious obstacle to the successful development of the economic system in Germany under National Socialism. The violence and turmoil both within the Party and outside it are anything but a hopeful augury.

CHAPTER IX

SOME INTERNATIONAL CONSEQUENCES OF THE THIRD REICH

THE creation of the Third Reich in Germany is certain to have international repercussions of the first magnitude. The dazzling political success which the movement has had in Germany will be sure to rouse similar movements in other countries or to give new impetus to already existing movements. Fascism in all countries will take on something of the prestige of the movement in Germany. It may be questioned whether the opponents of Fascism in these countries will be stirred to precautionary measures before a critical stage has been reached, or whether the success of the movement in Germany and the revenge which the Party has taken on its former opponents may not have the effect of paralyzing opposition through fear of retribution if success should come.

Fascist movements in other countries which are influenced by German National Socialism are of three sorts: those which are really only branches of German National Socialism, whose membership is composed of persons of German blood; those in the Scandinavian countries and in Holland and Switzerland in which German National Socialists are interested on the basis of Pan-Nordicism; and those which are independent of German National Socialism. In the first category belong the German National Socialists in Austria, Czecho-Slovakia, and the other countries possessing German populations. It is customary in Germany now to speak of "Great Germany" with a population of eighty or even of one hundred million people. The branches of German National Socialism in these

countries are to have the task of preparing the German population outside the Reich for inclusion in the Third Reich. Obviously the international consequences of both Pan-Germanism and Pan-Nordicism are of the greatest interest, but an analysis of this situation will be made in connection with National Socialist foreign policy.

The Fascist movement in countries which have no German minorities, however, is bound to be very greatly stimulated by the events in Germany also. If the present economic depression is not well on the way to being overcome within the next year or two, the tolerance of the people of all countries for the ordinary processes of democratic and parliamentary government and for the *laissez-faire* capitalistic system is likely to be badly strained. The development is apt to be affected somewhat by the degree of success which the National Socialist government in Germany will have in solving the economic crisis, but if the international economic strain should continue, the probability of embracing a desperate and drastic alternative becomes very great, even if German National Socialism should have little in the way of definite economic success to its credit.

At the present time there is a noticeable tendency on the part of the German National Socialists to greet with enthusiasm the development of a Fascist movement in any country. Thus the *Voelkischer Beobachter* carried the news of the formation of a Fascist party in Switzerland under the headline: *Switzerland Also Awakes!* The great enthusiasm of the National Socialists for Italian Fascism is also noticeable in the numerous journeys which German National Socialist ministers have made into Italy in spite of the absence of a reciprocal visit by Italian statesmen. This enthusiasm is likely to continue so long as the Fascist movement develops in countries whose foreign policy would be likely to be friendly to Germany or at least neutral, if a Fascist government were to come to power. The spread of Fascism in the Scandinavian coun-

tries, or in Holland, would be greeted with enthusiasm in Germany, where the hope would arise that these "Nordic" countries might be brought under German military, cultural and economic hegemony.

It is obvious, however, that the existence of the National Socialist government in Germany is not only a stimulus to the Fascism in friendly or neutral countries but might be even more of a stimulus to the movement in countries which are hostile. Thus, if a Fascist movement were to attain large proportions in France, Poland or Czecho-Slovakia, the present tension would be sharply accentuated. One must conclude, then, that the success of the National Socialist movement in Germany has introduced a ferment into the earth whose reactions must profoundly disturb both the internal and external *status quo* of other nations.

Apart from the impetus which the National Socialist movement affords to similar developments in other countries, is the effect which the existence of the Third Reich will have upon the foreign policy of Germany itself. It is not too much to say that the creation of the Third Reich has completely altered the status of international politics in Europe. The future of Europe can no longer be conceived as based upon the Treaty of Versailles, the Locarno agreements or the Kellogg Peace Pact. The nations of Europe are confronted by a new force which regards with hatred and contempt the entire series of international agreements upon which the present balance of power in Europe rests. In order to understand what this new force means to Europe it is necessary to understand something of the National Socialist doctrines of nationalism of international relations and of war.

National Socialists believe that war is not only an inevitable part of the lives of nations and of men, but that it is a desirable institution for their development. The genius of the German race is expressed in the superiority of its warriors on the field of battle. War affords an op-

portunity for the expression of the noblest of human virtues—courage, loyalty, comradeship, steadfastness. To this extent National Socialism builds directly upon the Prussian tradition.

It should be understood that all this is to a large extent independent of the particular situation in which Germany finds herself with reference to the Treaty of Versailles. If there were no Treaty of Versailles, the National Socialist Party would no doubt never have come to power, but its belief in the healthfulness of war is quite independent of any particular international political situation. The normal life of the German nation is to be that of constant preparation for conflicts which are bound to arise in the fulfillment of German destiny.

To understand the psychology of the National Socialist leaders in this connection it is necessary to realize that they live in a totally different mental world from that of the statesmen of the countries which are still under the liberal, capitalistic, parliamentary system. ✓ To the National Socialists, for example, the Jewish plan for world dominion through the domination of all countries by international high finance is a living reality. The fact that rational people cannot take this gigantic conspiracy seriously does not for a moment dispose of its importance as a factor in the international policies of National Socialist Germany.

It is a grave mistake, therefore, to dismiss as utter nonsense the conception of the foreign policy of Germany which Hitler has expressed in *Mein Kampf*, or that Rosenberg, the chief of the Foreign Department of the National Socialist Party, has expressed in his *Der Zukunftsweg einer deutschen Aussenpolitik*, or in the *Voelkischer Beobachter*, of which he is the editor. To the National Socialists these ideas are real and motivate the decisions of their leaders.

The foreign relations policy of Rosenberg, who is the leading National Socialist expert in this field, is founded

upon the theory of race, which is so fundamental to National Socialism. Upon the basis of this theory the National Socialists have erected a program for the re-Nordification of Germany. Germany is the only important country of Europe in which it is possible to restore the Nordic character of the population. Almost all that is worthy of Western European civilization is due to the creative genius of Nordics. Since the Nordic strain has been dying out, Western civilization is in danger of extinction. The mission of Germany is to salvage European civilization.

Rosenberg goes on to explain that the corruptive effect of the Jews has so permeated other European countries that every effort will be made to prevent Germany from reviving. Germany stands as the bulwark of Europe against the spread of Asiatic influences. It will be necessary to fight Poland and France in order to defend Germany against the plots of Jewish high finance and in order to permit Germany to fulfill her mission as the saviour of Western European civilization. Thus when Rosenberg speaks of Germany as the saviour of Europe he does not mean this in the same sense in which it would be generally understood. "Europe" would be saved if France and her Slavic allies were crushed, for out of this destruction it would be possible to build a new Europe which would be a cleaner, finer Europe under Nordic dominance.

Rosenberg recognizes that the necessity for the expansion of the German people must lead to imperialism. He distinguishes between three different sorts of imperialism, however. First, there is the imperialism which is founded upon the necessity for acquiring territory to support an increasing population. Second, there is the economic imperialism of Jewish high finance which enslaves populations through foreign loans. Third, there is the robber imperialism of a country like France. The first form of imperialism is ethically justified. The last two are not. He says in his *Der Zukunftsweg einer deutschen Aussen-*

politik,¹ "The awakened German must condone national imperialism in so far as living room is necessary in order to assure to the German people a healthy and strong existence." Hitler justifies imperialism in the same way.

In order to carry out the aims of German foreign policy Rosenberg says that the support of Italy and England must be secured against France, Poland and her other allies. He reasons that England can be won to the support of Germany's aims, since in this day of aerial warfare the English Channel is no longer a defence and England must depend upon an alliance with a strong continental power. Likewise, the threat of Russia Communism to India can be met most effectively by the strength of Germany exerted on the Russian-Polish frontier. Italy is hostile to France and could be offered a free hand to deal with Jugo-Slavia. The hate of the Ukrainians for the Poles might also be utilized to bring the Ukraine into the list of Germany's allies.

The ideas of Hitler in regard to the foreign policy of Germany generally parallel those of Rosenberg.

Some quotations will perhaps give an idea of the general aims and purposes of foreign policy for the Germanic race under Hitler:

For Germany the only possibility for the carrying out of a sound territorial policy consequently lay in the winning of new land in Europe itself."² When one would have territory and land in Europe, then this could in general only happen at the cost of Russia, for the new Reich had to set itself on the march on the way once trod by the [Teutonic Order] knights, in order to give with the German sword sod to the German plow and daily bread to the nation."³

We stop the eternal German march to the south and west of Europe and turn our eyes towards the land in the East. We finally bring to a close the colonial and commercial policy of the pre-war time and go over to the land policy of the future. If we

¹ Quoted on page 78, *Alfred Rosenberg, Der Mann und sein Werk*, by S. Th. Hart.

² *Mein Kampf*, p. 153.

³ *Ibid.*, p. 154.

speak of land in Europe today, we can only think, in the first instance, of Russia and her border states.⁴

Our task, the mission of the National Socialist movement, is, however, to bring our own nation to a political view which will not see its future goal attained in an intoxicating Alexander-crusade, but much more in the industrious work of the German plow, to which only the sword can give soil.⁵

The political testament of the German nation for its foreign dealing should and must read: Never to tolerate the existence of a second Continental Power in Europe. To see in every attempt at erecting a second military power on the German frontier, even if it be only in the form of a militarily capable state, an attack against Germany and to see therein not only the right but the duty, with all means, up to the use of armed force, to hinder the rise of such a state, or if it has already arisen, to destroy it. To see to it that the strength of our nation shall have its foundation, not in colonies but in the territory of the homeland in Europe. To consider the Reich never secured, if it is not able for centuries in the future to give every sprout of our nation its own piece of ground and soil. To forget never that the holiest right in this world is the right to the land which one oneself will cultivate, and that the holiest sacrifice is the blood which one pours out for this land.⁶

These quotations are all from *Mein Kampf*, which was written almost ten years ago, and it is possible that they do not now exactly represent Hitler's own point of view. It is immensely important, however, that huge numbers of this book, *Mein Kampf*, are being sold in Germany now; that it is considered the Bible of the movement by the Party membership, and that the foreign policy which it lays down is the one which the Party masses understand to be the official program of the Party. In other words, the Party membership fully supports this foreign policy and expects that it is the one which Germany will follow. It is possible to believe that the very fantasy which characterizes the ideas of the National Socialists will prevent them from ever being the basis of an actual foreign policy for Germany. But in coming to such a conclusion it is

⁴ *Ibid.*, p. 743.

⁵ *Ibid.*, p. 743.

⁶ *Ibid.*, p. 755.

hard to escape an uneasy feeling that one is basing reason upon hope.

The statements of Hitler in his speech in the Reichstag immediately after President Roosevelt's appeal for peace apparently repudiated the warlike and imperialistic philosophy of *Mein Kampf*. In a speech not long afterwards, which had for its occasion the approaching elections in Dantzig, Hitler declared that Germany had no wish to conquer territory inhabited by non-Germans. Is it then to be concluded that Hitler has in fact given up all intentions of conquest and is ready to restrict his ambitions to uniting the German population of the lands adjoining Germany to the Reich?

The history of Hitler demonstrates clearly two things. First, that he holds tenaciously to the general theories which he lay down in *Mein Kampf*, and although he may be forced temporarily to deviate from these principles, he always returns to them. It was formerly the almost unanimous opinion in Germany, outside the ranks of the National Socialist Party, that if Hitler entered a cabinet he would never put his theories into practice. Most people maintained that he would never dare to attack the Jews, that the system of private industry would remain without basic change, that the interests of the great landlords would be protected in spite of the program of the Party and so on. Events along these lines have demonstrated that Hitler does take his doctrines and his program seriously and that he intends to bend every effort to make them effective.

The second thing to be remembered is that Hitler has never hesitated to give almost any assurance to anyone whenever it seemed necessary in order to win a difficult position or to gain time. Thus after his famous *putsch* in Munich in 1923, the then commander of the Reichswehr in Bavaria, von Lossow, asserted that Hitler had promised that he would never make a *putsch*. After the Reichstag election in July, 1932, von Papen claimed that Hitler

had promised to support the von Papen government if the National Socialists failed to obtain a majority.⁷ There is no doubt whatever that Hitler gave assurances to the Nationalists when they agreed to enter a cabinet coalition with him in January, 1933, which convinced them that he would not embark on a radical program. Hitler has always claimed that the people who said that he had promised this or that had misunderstood him. It may be that this is so, for Hitler has hardly any equal in his skill in inducing people to deceive themselves.

It would be futile to attempt a moral or ethical assay of these tactics. Certainly it is quite in the vein of the great conquerors of history, who have relied quite as much upon their ability to defeat the enemy at the council table as on the field of battle.

Having given the fixed belief in the inevitability of war it follows that one of the most important means of waging war must not be overlooked, namely propaganda. The National Socialists were profoundly impressed by the superiority of Allied propaganda during the war, and they have expressed the determination that they must improve their own methods. They were also impressed by the failure of German diplomacy before the war which was responsible for the painful situation of a Germany confronted by the world in arms against her. This mistake must not be made again. Consequently, German diplomacy and propaganda must function at a time which is most important, that is before war is declared. Hitler has said that the essence of effective propaganda is to repeat over and over again the portion of the truth that one desires to be believed.⁸ Here we find the means of resolving the mystery of the warlike philosophy and program of the National Socialists with Hitler's protestations of peaceful intent.

It is perhaps possible for Hitler to believe that he is

⁷ Konrad Heiden also makes this point. See his *Die Geschichte der National Sozialismus: Die Karriere einer Idee*, p. 74.

⁸ *Ibid.*, p. 200.

telling the truth when he says that he desires peace, and it is possible for his followers then to feel the most righteous indignation when these protestations are not at once accepted abroad at their face value. When Hitler says he desires peace he means something quite different from what people outside Germany generally understand by the term peace as used in reference to the European situation. He does not mean that Germany is so desirous of peace that she is willing to accept the terms of the Treaty of Versailles as permanently determining the status of Europe. Would Hitler accept peace, if as the price of peace Germany were to have to renounce Danzig and the Polish Corridor? No one can imagine that this is so. Would Hitler renounce *Anschluss* with Austria as the price of peace?

The events which have occurred both in Austria and in Germany even since Hitler's conciliatory speech prove beyond any doubt that the National Socialists are determined that *Anschluss* with Austria shall take place regardless of opposition in Austria or elsewhere in Europe.

Would he renounce Silesia or the parts of Czechoslovakia which have a German majority? It is impossible to believe it. Be it noted that in all these instances there is certainly a large measure of justice in the claim of Hitler that these regions should belong to Germany. No one acquainted with the German situation could believe that Hitler would renounce any of this territory and population even though the maintenance of peace might depend upon such renunciation. Nor is it accurate to leave the matter expressed in terms simply of renunciation. That Hitler is determined that these regions shall be united in a Great Germany, whatever the cost, can be considered as certain.

Beyond these regions populated by people of German blood there lies the Slavic East and South. Would National Socialist Germany be ready to renounce any expansion in these fields if all territory having German

majorities were conceded to her? Perhaps. Hitler now says that Germany desires no territory inhabited by foreign populations, yet it is hard to believe in the sincerity of such statements. No doubt the National Socialists might well say that they will never be confronted with the necessity for undertaking an outright war of conquest of lands with a non-German population, for since it is impossible that their demands for all the lands with a German population will be granted, the opportunity for the conquest in the Slavic east and south will come about as a by-product of the wars for the liberation of Germans.

Hitler may thus feel that he is confining himself to the strict letter of the truth when he says that Germany desires peace. Certainly she would be glad to attain as many as possible of her aims without war. Hitler is certainly sincere when he says that Germany does not want war now, and that she is willing to allow the other powers a limited amount of time to disarm and to make good certain of the injustices of the Treaty of Versailles. Obviously, if Germany had to fight now she would be terribly handicapped on account of dearth of airplanes, tanks and heavy artillery. This circumstance makes the proposal of a "preventive war" so appealing to certain circles in France, Poland and Czecho-Slovakia. Every year that can be gained for Germany to re-arm and for the other powers to disarm is welcomed by the National Socialists. If Hitler were free to choose he would undoubtedly prefer an interval of two or three years before fighting a war.

Even if Germany were allowed small opportunity for rearming, her relative strength would be increased by the extent to which other nations disarmed. Furthermore, the existence of the huge S. A. and S. S. and other organizations which provide military training and keep nationalistic and militaristic enthusiasms at a white heat would make the German fighting force the more effective if the

future war were to be fought by relatively simple weapons.

Some measure of Hitler's sincerity, as sincerity is understood by a rational world, is furnished by a statement which he made in his Reichstag speech at the time of the Disarmament Conference crisis. In that speech he declared flatly that the S. A. and S. S., and the Stahlhelm were not military organizations and did not receive military training. This statement is not only absolutely false but it is not even clever, for no one resident in Germany who was even normally observant could have failed to have observed personally details of the military training of the National Socialist organizations. The writer has seen detachments returning from drill, which were equipped with light machine guns, even during the first month of Hitler's chancellorship. Everyone in Germany knows that these organizations carry on intensive military training, and it is common to see trucks loaded with S. S. and S. A. troops returning to Berlin in the evening from their training grounds outside the city. It is quite true that at the present time these forces are almost completely lacking in tanks, artillery, airplanes, and other necessary paraphernalia for carrying on modern warfare.

It is hard for the Western world to view with complete cynicism the statements of Hitler about Germany's desire for peace. Statesmen of parliamentary democracies, when they speak in the name of their country to the statesmen of other countries, realize that their words are on the record for quotation against them at home as well as abroad. It is difficult to announce a foreign policy and then proceed to repudiate it at a convenient moment, for at least a certain section of domestic public opinion will hold the statesman responsible for his previous statement. But in a country like National Socialist Germany or Soviet Russia, or in any country with a well-organized dictatorship, public opinion is practically non-existent except as it is created officially.

The world has had a demonstration of the possibility of a war of conquest accompanied by the most earnest assurances of a desire for peace. Japan has carried on her operations in Manchuria and in China not only without declaring war but also without denouncing her signature to the Kellogg Pact by which she renounced war as an instrument of public policy. It may be said that Japan gained no advantage by this practice and that she might just as well have declared war on China and have been done with it. But this is very questionable. The Japanese generals no doubt felt that the Japanese foreign office was performing a real service in soothing the statesmen of the Western countries who believed in peace pacts and disarmament conferences, while the armies of Japan did as they liked.

✓ The writer has made this excursion into international politics in the Far East because the situation there offers a well-nigh perfect illustration of the point he has tried to make, and because the National Socialists have been deeply impressed by the "success" of the Japanese tactics. If international public opinion can be so conciliated that France and her allies will not dare to try a "preventive war," then priceless time will have been gained for Germany. Whatever can be done by diplomacy and propaganda to lull international fright and avoid a preventive war, must be done. It is naturally difficult, however, for Europe to believe that the frontier of Asia has been moved to the Rhine.

It is the more difficult to credit Hitler with such Machiavellian methods since the consequences of such a situation are so terrible to contemplate. For, suppose that France and her allies did undertake the "preventive war" at once, Germany could surely be defeated but what could be done after that? Hitler is convinced that, if the German army were crushed now by a preventive war, Germany would surely embrace Communism. Almost undoubtedly he is correct, unless the victors were willing

and able to garrison Germany indefinitely. The French people were the victors in the last war and like the people of all the "victorious" nations they are somewhat disillusioned with the fruits of victory. They realize that there is nothing to be gained by a new war. It would only be a most onerous and unpleasant police task for which the French people would have no enthusiasm, and the consequences of which would be most uncertain.

If, on the other hand, we assume German duplicity, and France and her allies disarm, what would be the situation in the event of an attack by Germany? Certainly, the fantastic expectations of Rosenberg and Hitler that they would have an ally in England would be disappointed. For England does not want to be the ally of any country in a war on the Continent. She desires peace above all else. Neither does it appear likely that the hope of an Italian ally will be realized. Mussolini is apparently too cautious to place himself completely at the mercy of a Germany inspired by the belief in her mission to give Nordic leadership to Europe.

In all probability, then, Germany would have to fight alone. But against whom would she fight? Against France, Poland and Czecho-Slovakia. Could these three countries stand against the German attack? When one considers that in the last war Germany was only defeated with the utmost difficulty by the help of both England and the United States, the prospects of the French alliance for successful resistance would not appear bright. For it cannot be denied that, as soldiers, the Germans have no superiors. The military tradition, the willingness to submit to discipline, the pugnacious spirit of the German people, plus the effects of years of patriotic propaganda could be relied upon to create an army of first-class quality.

It is true that for a number of years the hostility of a certain portion of the German proletariat to the new régime will be bitter enough to create a weak spot in the

German power of attack and defence. Yet every year that hostility will be of less importance as the youth who reach the age for military service have been subjected to the system of National Socialist education and training. If a war were to last for several years this hostility of a part of the proletariat would become a decisive factor, but it would not be likely to effect the situation very much during the first months of a war. To counterbalance this weakness would be a corresponding weakness in the armies and civil populations of the opposing countries, where the pacifist sentiment would certainly be strong.

If the defeat of the French and their allies seemed imminent what would the United States and England do? It is almost impossible to imagine circumstances under which the United States could be induced to send an army to Europe again. Would England send troops to save the French from destruction? Certainly not in the present state of British public opinion, although it is impossible to predict what effect the prospect of German hegemony on the Continent would have upon public opinion five years from now.

There still remains the alternative of allowing Germany what she wants. If *Anschluss* with Austria, Danzig and the Polish Corridor, Upper Silesia and the part of Czecho-Slovakia which has a predominantly German population were offered Germany it is possible that war might be averted, at least for a longer period. Germany would then be not only the strongest military power on the Continent, but stronger than any conceivable Continental coalition which could be raised against her. In such a case the Western European Powers might be glad to allow Germany a free hand in the Slavic East and South for the satisfaction of any further expansionist aims. It is entirely possible that Germany would be willing to go so far as really to renounce any attempt to reclaim Alsace-Lorraine or the former Austrian Tyrol, since both Hitler

and Rosenberg are agreed that it was a mistake for Germany in the past to have tried to expand either toward the West or toward the Mediterranean.

It is always possible, of course, that Hitler and the Party may undergo the same process of evolution which has taken place in Italy, where Mussolini and Fascism have developed from threateners of the world peace to earnest collaborators in the cause of peace and disarmament. It may be that Hitler's ambition will be satisfied with his position as head of the present Germany, and that the fanatical nationalism and militarism of the National Socialist Party will become moderated with the years. But all the probabilities are against it, for the cases of Italian Fascism and of German National Socialism are not parallel. Mussolini came to the head of a state which had already obtained most of *Italia Irridenta*. There is very little territory with Italian population under foreign rule. In Italy, Fascism came to power after a relatively short period of propaganda. The masses of the people had not been stirred to frenzy by years of the unrestrained propaganda which was necessary to win votes. For over a decade the fiercest propaganda has been carried on by the National Socialist Party for the redemption of the German populations which lie outside the boundaries of the Reich. The results of this propaganda are now evident in the hysterical nationalism which grips the German people.

Furthermore the military spirit which is propagated by the National Socialists has its roots deep in the German character and in German history. By contrast, the military spirit which Mussolini has inculcated in Italy is largely an artificial growth, for the Italians have never been a military people, and the connection with the military spirit and prowess of Rome is certainly tenuous. The redemption of the regions with Germanic populations under foreign rule is the minimum which can be expected to satisfy the inflamed emotions of a people in whom the military

spirit and tradition had hardly lapsed, even during the period of the Republic. Europe must either allow Germany to have these regions or face the alternative of fighting to keep her from them.

The existence of the fixed idea of the National Socialists that they can and must win the support of England and Italy places in the hands of these two Powers an extraordinary control over the foreign policy of Germany. There can be no doubt that the moderation in the tone of Hitler's speeches following the crisis in the Disarmament Conference in May was due to the reception which Rosenberg had received in England and to the disappointment which the National Socialists felt over the conversations which Göring and von Papen had had with Mussolini. The National Socialists were embittered by these events, but so firmly fixed is their belief in the necessity of English and Italian support that they were nevertheless constrained to take action which would improve their position in the eyes of the statesmen of these two countries. This situation means that both England and Italy possess the power, momentarily, at least, to act as a powerful restraint upon a National Socialist policy of adventure in foreign affairs. It is possible that the peace of Europe may depend upon the effectiveness of this restraint.

If the picture of the relations of Germany to the rest of Europe seems so alarming, it must be said that the conquest of Germany by the National Socialists has at least removed one potential danger which threatened the European *status quo*. With National Socialism in power in Germany there exists no longer the possibility of the military co-operation of the Russian Communists with Communists in European countries. National Socialist Germany is an effective barrier which stretches between Soviet Russia and the rest of Europe. However, the fearful economic difficulties of the Soviet Union, as the situation stood in 1933, had already rendered military aid to

Communists in other countries practically impossible for a long time in the future.

The catastrophic food shortage in Russia, plus the other economic difficulties, has produced speculation about the possibility of a crisis in Soviet Russia. In that event the possibility of German intervention would become very strong. Hitler's hope for German expansion toward the Slavic East has already been discussed. The interest of Rosenberg, a former Russian subject, in the Russian situation is well known. There is evidence that the idea of the "reorganization and restoration" of Russia under German tutelage is again very much to the fore.* If such an eventuality were to arise it might be that Germany's full energies would be taken up in the East and that the possibilities of conflict in the West would be materially lessened.

Will not the German masses oppose any policy of adventure which might lead to war? They most assuredly will not, for the only mass will which can find expression in Germany today is the will of the mass of the Party members. The Party membership believes fervently in a militant and aggressive foreign policy and in the revival of militarism. Since the triumph of the Party the German people have been swept by the same psychology which had formerly dominated only the Nationalists and National Socialists. Patriotism and the warlike spirit have been stimulated almost to the boiling point. This does not mean that militarism has been forced on the German people. Psychologically they have accepted it, and the military spirit is now their own. Consequently, the pressure of the masses in Germany will not be toward peace but toward war. If peace is maintained it will be because the leaders manage somehow to restrain the masses.

* For example, the memorandum which Hugenberg presented in June to the World Economic Conference in London on the desirability of allowing Germany a free hand in Russia. Although the *Voelkischer Beobachter* of June 19th declared that the views of Hugenberg were only those of a private individual and did not represent the policy of the government, there is little doubt that the idea is seriously entertained.

How long must other nations expect to reckon with the National Socialist Party as the absolute power in Germany? The answer is that it must be reckoned with as though it were permanent. Under no circumstances would the Party allow itself to be voted out of power. No other party or group in Germany possesses the force to overthrow the Party and none is likely to possess the force in the calculable future. None except the Communists, who are impotent, even possess the courage to challenge the absolute power of the Party. Neither the history of Soviet Russia nor of Fascist Italy affords justification for the expectation that the power of the Party might be destroyed by dissension in the ranks or among the leaders. Only defeat in a foreign war or total economic collapse would be likely to prove fatal.

It does not appear likely that the enemies of Germany will resort to a preventive war, since the statesmen of these countries can hardly be expected to possess the requisite ruthlessness. Consequently, if the minimum demands of Germany are not peaceably granted and if, in the meantime, the Disarmament Conference has succeeded in abolishing offensive weapons, the world will probably witness a test of whether defensive weapons are in fact effectively such.

APPENDIX

PROGRAM OF THE NATIONAL SOCIALIST GERMAN LABOR PARTY

THE program of the National Socialist German Labor Party is a time program. We decline, after achievement of the purposes laid down in the program, to set up new goals only for the purpose of making possible the continuance of the Party through the artificially stimulated dissatisfaction of the masses.

1. We demand the inclusion of all Germans in a Great Germany on the ground of the right of self-determination.

2. We demand the recognition of the right to equality of the German nation with all other nations; the cancellation of the Treaties of Versailles and St. Germain.

3. We demand land and soil (colonies) for the nutrition of our people and for the settlement of our surplus population.

4. Only those who are members of the nation can be citizens. Only those who are of German blood, without regard to religion, can be members of the German nation. No Jew can, therefore, be a member of the nation.

5. He who is not a citizen shall be able to live in Germany only as a guest and must live under a code for foreigners.

6. The right to decide on the leadership and on the laws of the state may belong only to citizens. Therefore we demand that every public office, of whatever sort, whether of the Reich, of the state, or of the municipality, shall be occupied only by citizens. We oppose the corrupt

parliamentary system of filling offices only from the party viewpoint without respect to character or ability.

7. We demand that the state be obliged, in the first instance, to provide the possibility of work and life for the citizen. If it is not possible to feed the entire population of the state, the subjects of foreign states (non-citizens) must be expelled from the Reich.

8. All further immigration of non-Germans is to be prevented. We demand that all non-Germans who have immigrated to Germany since the second of August, 1914 shall be compelled to leave the Reich immediately.

9. All citizens must possess the same rights and duties.

10. The first duty of every citizen is to work intellectually or physically. The activity of the individual must not transgress against the interests of the community but must serve within the limits of the whole to the advantage of all.

Therefore we demand:

11. The elimination of income which is obtained without labor or effort.

Breaking of the Interest Slavery

12. Out of regard to the frightful sacrifice in goods and blood which every war demands from the nation, personal enrichment through war must be designated as a crime against the nation. We demand, therefore, summary confiscation of all war profits.

13. We demand the nationalization of all trusts.

14. We demand profit-sharing in large concerns.

15. We demand a grandiose extension of the old-age pension system.

16. We demand the creation of a sound middle class and its maintenance, immediate communalization of department stores and their rental at low cost to small merchants, the consideration of small merchants in

purchases by the federal government, the states or the municipalities.

17. We demand land reform adapted to our national needs, the enactment of a law for the uncompensated expropriation of land for public purposes, the elimination of land interest and the prevention of land speculation.

18. We demand the most ruthless campaign against everyone who injures the public interest through his activity. Those who commit crimes against the people, usurers, profiteers and so forth, must be punished by death, without respect to religion or race.

19. We demand the substitution of Germanic Common Law for the materialistic international Roman Law.

20. In order to make possible the attainment of higher education for every capable and industrious German and thereby the entrance into a leading position, the state has the responsibility to bear for a fundamental extension of our entire educational system. The teaching plans of all educational institutions must be adapted to the demands of practical life. The development of national consciousness must be attained by the teaching of civil government in the schools from the moment that the child is able to understand. We demand the education at state expense of especially gifted children of poor parents without regard to profession or position.

21. The state must care for the improvement of the people's health through the protection of mother and child, through the forbidding of child-labor, through development of physical capability by means of legislative provision of a gymnastic and sports duty and through the greatest support of all associations engaged in physical education of youth.

22. We demand the elimination of the mercenary army and the formation of a people's army.

23. We demand legislative action against conscious political lies and their broadcasting through the press. In

order to make possible the creation of a German press, we demand that:

(a) All editors and contributors of newspapers which appear in German, must be members of the nation,

(b) Non-German newspapers must have the special permission of the state in order to be published. They shall not be allowed to be published in the German language,

(c) Every financial participation in German newspapers or the influencing by non-Germans is to be forbidden and we demand as punishment for violation the closing of such a newspaper plant, as well as the immediate expulsion from the Reich of the participating non-German.

Newspapers which work against the public welfare are to be forbidden. We demand legislative action against an artistic and literary tendency which exerts a destructive influence over our national life and the closing of institutions which work against these demands.

24. We demand the freedom of all religions in the state in so far as they do not endanger its welfare or offend against the morals and sense of decency of the German race.

The Party as such represents the standpoint of a positive Christianity without binding itself to a particular belief. It fights the Jewish materialistic spirit within and without and is convinced that a permanent convalescence of our nation can only succeed from within on the foundation of

Public Interest before Private Interest

25. For the carrying out of all these we demand: The creation of a strong central power in the Reich; absolute authority of the political central parliament over the entire Reich and all its organizations.

The formation of profession and trade chambers for

the carrying out of the general laws of the Reich in the individual federal states.

The leaders of the Party promise, if necessary under the pledge of their own lives, to work ruthlessly for the carrying out of the points above set forth.

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